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Volume II Number 4

French Occupation of the Ruhr

BATES COLLEGE

versus

OXFORD UNION SOCIETY OF
OXFORD COLLEGE

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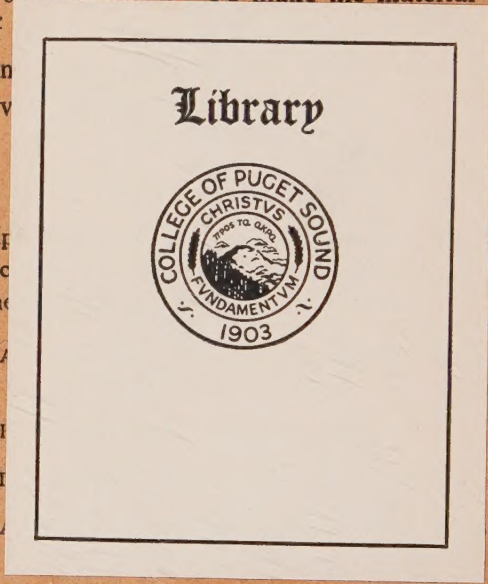

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THE REFERENCE SHELF

Volume II Number 4

FRENCH OCCUPATION OF THE RUHR

BATES COLLEGE

versus

OXFORD UNION SOCIETY OF OXFORD COLLEGE

City Hall, Lewiston, Maine
September 27, 1923, 8 P. M.

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INTRODUCTION

This number of The Reference Shelf contains, first of all, a complete stenographic report of the international debate which took place on September 27, 1923, in Lewiston, Maine, between the visiting team from Oxford University and a team representing Bates College. This is the third debate that has been held between the two institutions. In 1921, the Bates team went to Oxford for the first Anglo-American college debate, and, twice since then, Bates has defeated Oxford during the American tours of that institution.

The question for debate was: Resolved: That this assembly approves the French occupation of the Ruhr district. The debaters were

FOR BATES

A. W. Pollister '24, Auburn, Maine
E. D. Canham '25, Auburn, Maine
W. E. Young '24, Lewiston, Maine

FOR OXFORD

C. H. O. Scaife, St. John's College
G. A. Gardiner, Magdalen College
J. D. Woodruff, New College

The bibliography and briefs used by the teams are included with this report of the debate. This material was secured thru the courtesy of A. Craig Baird, Professor of Rhetoric and Argumentation, and Advisor to the debating teams, Bates College.

As a supplement to the report, a few recent articles have been added which will provide a survey of the situation as it has developed since the debate was delivered.

Among the articles reprinted have been included the text, wholly or in part, of the recent speeches of Lord Curzon, General Smuts, Colonel Harvey, and Secretary Hughes, in regard to a conference on the subject of reparations.

December 14, 1923.

BRIEFS

RESOLVED: *That this assembly approves the French occupation of the Ruhr.*

AFFIRMATIVE

I. The fact that the settlement of most of Europe's most difficult problems depends upon the question of Germany's payment of reparations makes the question of French occupation of the Ruhr of world-wide importance.

II. France was justified in entering the Ruhr, for
   A. France had to obtain billions of dollars of reparations from Germany, for
      1. During their occupation of French territory, the Germans had destroyed billions of dollars worth of French property.
      2. France could not afford to bear the burden of restoring her devastated areas alone, for
         a. She was practically bankrupt and unable to balance her budget.
   B. Germany had been deliberately attempting to evade payment, for
      1. The Allies had at several different times found Germany guilty of attempting to evade the terms of the treaty as they referred to reparations, for
         a. At the San Remo Conference in 1920, Germany was found guilty of numerous infractions of the terms of Versailles Treaty.
         b. At the Spa Conference in July, 1920,

Germany was found guilty of default in her coal deliveries.

c. In January and March, 1921, she was again found in default.

d. In January, 1923, the Reparations Commission declared Germany in voluntary default in her coal and wood deliveries for 1922.

2. Germany has made no real effort to reach her capacity for payment, for

a. She has made no effort at retrenchment.

C. All allied attempts to make Germany pay had failed, for

1. All threats of occupation had accomplished little, for

a. At the San Remo Conference Germany was threatened with occupation without any results.

b. At the Spa Conference occupation was again threatened without changing Germany's attitude.

c. In January, 1920, the threat was repeated and carried out by occupying three German cities, Dusseldorf, Ruhrort, and Duisburg.

d. In May, 1921, the only results obtained from Germany came from a determined threat of occupation of more territory if the terms of the Reparations Commission were not accepted unconditionally.

2. All attempts at meeting Germany's difficulties by revising the terms and methods of payment had failed, for

a. Although the terms offered by the Reparations Commission in May,

1921, amounted to a substantial reduction, Germany did not become any more willing to pay.

b. In March, 1922, still more favorable terms were offered, but were met by a German demand for a two year moratorium.

D. Occupation had been shown to be effective, for

1. The threat of occupation, backed up by a show of arms, had forced Germany to accept the terms offered by the Reparations Commission.

III. French occupation of the Ruhr district will have desirable economic results, for

A. It must be remembered that occupation is the only way to procure reparations payments for France from Germany, for

1. As the first speaker showed, Germany has consistently evaded, and proclaimed her refusal to meet her honorable obligations.

2. All other methods to influence or compel Germany to settle had failed, for

a. British and American suggestions had failed to provide a solution.

3. Germany had constantly been in arrears in her payments, and in December, 1922, drove France to desperation by wilfully defaulting in cash and coal payments.

B. The occupation will be successful in procuring reparations guarantees for France and Belgium, for

1. Germany is able to pay, for

a. Germany's national wealth—and therefore her ability to pay—is practically unimpaired.

2. The policy of Ruhr occupation will be effective, for
   a. Altho it is admitted that the occupation has temporarily injured Germany, because of the sabotage policy which Germany herself chose to pursue, and altho France frankly states that she expects no money now, she wants to be sure of her money eventually, and she desires effective guarantees.
   b. Germany has now given up the policy of sabotage, or passive resistance.
   c. This surrender will mean effective cooperation, and possibly a civil, not a military occupation.
   d. The French will get payments in money or kind.
   e. We freely admit that the above policy, supplemented by other measures, will take time—but we again beg to remind that France does not expect everything at once. She simply holds a mortgage on Germany, and her occupation of the Ruhr represents that mortgage. If it is paid at once, France promises to evacuate at once, if it is paid in installments she will evacuate in installments. Such a policy is no harsher than that pursued by Germany in 1870.

C. German recovery from the ill effects of the occupation, will be swift, for
   1. Most of the evils were brought on by passive resistance, which has now ceased.
   2. As has been pointed out, before the occupation Germany was extremely prosperous.

3. Present bad conditions in Germany are not primarily a result of occupation, for
   a. Ever since the German revolution and subsequent currency depreciation, all experts have declared that German bankruptcy was inevitable, for
      (1) Inflation must bring deflation. (Bass and Moulton, J. Maynard Keynes, Frank H. Simonds.)
   b. It must be remembered that before the occupation, Germany declared that her situation was as bad as bad could be. How, then, has the occupation ruined an already ruined land, that is, ruined if we harken to the Teuton wail.
4. Recovery is in sight, for the Reichsbank declares its intention to issue marks directly redeemable in gold.

D. The occupation will not have serious economic efforts upon Great Britain, and the rest of the world, for
1. The fall of German imports from Great Britain and other countries was due, not so much to the occupation as to the fall of the mark for which the French action was not responsible.
2. The English economic condition has continued to be good, for
   a. Unemployment has not increased.
   b. Industry is as prosperous as ever.
   c. The pound sterling is much higher than two years ago.
   d. English export trade is brisk.
3. German recovery—hence German trade—will be swift.

4. England need not fear, even if she should be forced to suffer, in order that France might be saved, for
   a. England has profited enormously from the war and subsequent arrangements, for
      (1) She has obtained the pick of the German colonies.
      (2) She has obtained the best of the German fleet.

IV. French occupation of the Ruhr will have desirable political results, for
   A. The German menace to world peace and French political security was still present in January, 1923, for
      1. Germany has the military organization, for
         a. She has a highly trained army of one hundred thousand men, the maximum allowed her by the Treaty of Versailles.
         b. She has also created a so-called state police, the Schutzpolizei, an armed force of one hundred thousand men.
         c. Civilian military reserves exist throughout the empire.
         d. "The allied governments possess proofs beyond dispute that all lists, not only of the German army that was in the field in the autumn of 1918, but of the annual contingents liable since then, have been carefully preserved and kept up to date, and thus the machinery is ever present to convert these millions of citizens without delay or friction into regiments."

2. Germany has the resources, for
   a. Germany has the man-power.
   b. Germany has the equipment.
3. Germany has a willing ally in Soviet Russia, for
   a. There is a clear basis of alliance, for
      (1) Both countries "desire to end the late-recovered independence of Poland, and to subject her once more to Russo-German servitude."
         (a) Whereas France is the obstacle to such a move.
      (2) Both Russia and Germany hope to escape the payment of their just debts.
         (a) France, the creditor of them both, is determined that they shall pay.
      (3) France has as bitterly opposed Sovietism as she has Prussianism.
   b. Germany and Russia are already more or less allied, for
4. Germany still possesses the Prussianistic spirit, for
   a. Prussian attitude is evidenced by German evasions of reparation payments, German attacks upon allied soldiers, the German policy of maintaining secret organizations, the German refusal to surrender armament as they agreed in the Peace Treaty, and the spread of propaganda in the German schools to instill hatred of France and Belgium.

b. German leaders glory in proclaiming the arrogant, military spirit.
c. Rathenau, Erzberger, and two hundred other German leaders have been assassinated by the Prussian militarists merely because they suggested that Germany might be able to pay France.

B. French occupation of the Ruhr is needed to give France political security, for
1. France could expect aid from no country, for
a. The United States had flatly refused France any promises of protection.
b. Great Britain would not commit herself to anything expect the vaguest sort of guarantees.
c. Italy is frankly more concerned about the extension of her empire along the Mediterranean than the protection of France.
d. Poland is dependent upon the French army for its very existence.
e. Russia, Austria, Hungary, and Bulgaria are plainly pro-German in sympathy and in action.
2. French occupation of the Ruhr, however, has at least checked the German menace, for
a. Germany is forced to pay.
b. It means a recovered France and Belgium, for
(1) The productive guarantees of the Ruhr will enable France and Belgium to get back upon their feet.

C. Occupation of the Ruhr does not mean French imperialism, for
   1. France has no intention of annexation, for
      a. Premier Poincaré has said, "The idea that France seeks to keep the Ruhr is absurd. Nothing is further from our thoughts."
      b. France merely wants assurances that Germany will assist French recovery.
   2. France merely wants political and economic safeguards.
      a. Which safeguards all her allies have secured.
   3. Occupation of the Ruhr valley is not a French imperialistic move, but a cooperative movement, for
      a. Belgian troops are participating.
      b. Italian engineers are participating.
      c. France would gladly welcome English and American cooperation.

D. French occupation of the Ruhr should lead to a desirable settlement of the entire European question, for
   1. The way for Anglo-Saxon leadership is clear, for
      a. Both sides would welcome an economic gathering at Washington, where reparations would be scaled, and allied debts largely reduced, and financial control of Germany provided for, and loans to Germany negotiated.

NEGATIVE

I. The occupation of the Ruhr is illegal under the Treaty of Versailles, for
   A. The argument, advanced by the French, that occupation is justified under Clause 18 of Annex two of the Treaty is fallacious, for
      1. A number of phrases in Clause 18 are open to ambiguous interpretation.
      2. The British claim that Germany was not "in voluntary default."
      3. The phrase "other measures" refers only to economic and financial methods of reprisals rather than military measures.
      4. The phrase "respective governments" does not mean that any country which signed the Treaty of Versailles, if Germany defaults in some measure, is entitled to take whatever measures it wishes in the matter of reprisals, for
         a. When Roumania invaded Hungary in 1919 to obtain reprisals, such action was severely condemned by the Supreme Council on the ground that any action taken must be joint action.
         b. Under such plan the King of Hedjaz could march on Berlin should Germany default in some trivial matter.
      5. It is the opinion of eminent British and German lawyers that the action of France is illegal.
      6. The French refusal to submit the question of legality to a commission is presuption that the British position on this issue is sound.

II. A better policy would be to create an imperial international commission, the purpose of which would be to determine Germany's capacity to pay, for

A. Germany's capacity to pay has never been scientifically determined, for

1. The argument that Lloyd George stated that Germany could pay for war is untrue, for

a. He stated only that Germany should pay to her capacity.

2. The argument that the Reparations Commission has fixed German capacity to pay is untrue, for

a. That body decided only what the bill against Germany should be.

B. Such plan was advocated by Mr. Hughes at New Haven.

C. The fact that Germany has agreed to pay the reparation bill demanded by France does not prove that Germany actually can pay that sum, for

1. German assent to the bill was secured under duress.

III. The occupation has been objectionable to France politically, for

A. It has only incensed the German workman.

B. It has thrown out of gear the chief industrial region of Germany.

C. It has depreciated the mark.

D. It has caused much suffering to the working classes of Germany.

IV. The occupation has been disastrous to France economically, for

A. France is getting practically nothing, for
   1. The coal she secures amounts to 4 per cent of that secured before the war.

B. The armies of occupation are a great cost.

C. The hatred in Germany resulting from the French policy will make it much harder to collect reparations.

D. The policy of destroying Germany will mean a destruction of the means by which France hopes to collect indemnities.

V. The occupation will prove economically disastrous to Germany, for

A. Germany is unable to pay the reparation bill imposed on her, for
   1. The reparation demands have been reduced because the allied statesmen have realized that exorbitant demands were not justified.
   2. Germany has already paid in reparations and restitution sums $25,000,000,000 gold marks.
   3. Even the Germany of 1913, today deprived of two-thirds of its natural resources, could never have paid one-half of the gold payments which she was compelled to say she could pay.

VI. Occupation will prove economically disastrous to Europe, for

A. An unstable Germany will react unfavorably upon the other continental countries.
   1. Germany's export balance is gone, for
      a. She has lost territory, wealth, lives, money investments abroad.
   2. Germany's capacity to pay depends upon its producing power, for

a. German paper will not be purchased unless it represents German goods.

VII. Occupation will prove politically disastrous to Germany, for

A. Either the communists of the left or the militarists of the right will come into power, for

1. Germany in her despair will grope after any power that may rescue her.

VIII. Occupation is a mistaken policy of France, for

A. The root of the difficulty is that France has not gone in for vigorous taxation.

IX. The ideals behind the French policy of occuping the Ruhr are not justified, for

A. They are the ideals of war.

B. They are the ideals of collecting reparations.

C. The French policy is fundamentally opposed to the principle of cooperation reperesented by the League of Nations.

D. This policy will result in future wars, for

1. The present German policy is one of throwing over the military ideals.
2. Present Germany is not militaristic.
3. The forcible seizure of the Ruhr and similar measures will disillusion Germany and drive her back to a policy of the mailed fist.

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FRENCH OCCUPATION OF THE RUHR

BATES COLLEGE

versus

OXFORD UNIVERSITY

RESOLVED: *That this assembly approves the French occupation of the Ruhr.*

HONORABLE FREDERICK HALE
United States Senator from Maine
Presiding Officer

LADIES AND GENTLEMEN: I want to express my great appreciation to Doctor Gray for the high honor he has accorded me. I think I have already established myself as an impartial presiding officer. At dinner tonight I sat next to Mr. Scaife of the English team. Thinking that he was an American—and he is not very different from us Americans—I asked him where our Yankee team was.

In no country of the world, probably, does the spirit of sportmanship exist so strongly as it exists in the United States and in Great Britain. The sportsman does what he can to win fairly. If he is beaten, he takes his beating like a man and bears no animosity to the man who has beaten him.

For many years we have kept up a friendly rivalry with Great Britain in yachting, on the polo field, in tennis, in golf, and in other athletic sports, and latterly, under the leadership of your President Gray, the field has been enlarged, very materially enlarged. Now our young men meet in the forum. In all of these contests we have found the Englishman to be a sportsman, a real

sportsman in the best sense of the word; and I believe that he can say the same of us. When we send our young men over to England, we feel that they will get fair and impartial treatment; when they send their young men here, I know that they have the same feeling. The spirit of sportsmanship outweights the spirit of partisanship and our feeling is, and their feeling is, "May the better man, or the better team, win."

Thus these friendly contests that we have been having have brought about no feeling of antagonism between the two countries; rather they have brought the people of the two countries closer together. It is a very important thing for the world, and for the peace of the world, that our two countries should be on a friendly footing and should be in accord. To no other country in the world is the state of peace, general peace, throughout the world, of more advantage than it is to us and to the British. With the naval supremacy, the joint naval supremacy, which we have on the seas we are in a better position than any two countries in the world to bring about that general state of peace.

It is with the greatest of pleasure that we welcome these young men from the great English University of Oxford into our midst tonight. Our own men will do what they can to overcome them in argument. But no matter whether we win or whether we lose, we will go our way and you will go your way with the best of feeling on both sides.

The question for debate tonight is: "Resolved: That this Assembly approves the French Occupation of the Ruhr District." The Affirmative will be taken by the Bates men and the Negative by the Oxford men.

The first speaker for the Affirmative will be Mr. A. W. Pollister, of Auburn, Maine.

FRENCH OCCUPATION OF THE RUHR

FIRST AFFIRMATIVE

A. W. Pollister, Bates

Ladies and Gentlemen: Bates is again very greatly privileged this evening to welcome representatives of Oxford University to Lewiston and to American collegiate circles. Two years ago a Bates team was very hospitably entertained at Oxford in the first international forensic contest. A year ago a team of Oxonians returned the visit to engage in the first of such contests to be held on this side of the Atlantic. Such meetings we believe, as President Coolidge has said, are one of the surest methods of promoting better understanding between the English-speaking nations.

Perhaps no other question could have been found of more importance to the United States, to Great Britain and to the world, than that of the French occupation of the Ruhr district. The entire economic and political fabric of Europe is interwoven with the question of Germany's payment of reparation damages. Hence, as all experts agree, there can be no real solution of the problems arising from the war, until there is some disposal of that which is, perhaps, either directly or indirectly, the underlying cause of them all. We in America are at last coming to realize that the world is an economic unit and that there can be for us no real isolation. We realize that until there is some lasting settlement of the tangled Franco-British-German controversy, none of us can resume the normal ways of peace.

In order to understand the motives behind the French occupation of the Ruhr, it is necessary for us first briefly

to review the events leading up to the occupation. In early August, 1914, the German army poured across Belgium and entered France. To gain Paris and cripple French military power before the rest of Europe could mobilize was the great object of that drive. But that goal was never reached. France flung all her resources against the invader and, under Joffre at the Marne, against great odds, turned back the armies of Von Moltke and shattered the Kaiser's dream of world conquest.

Although this discussion is primarily an economic one, and as such must appeal to our dispassionate judgment, we can neither forget nor ignore the fact that in those decisive days nine years ago this month France, single-handed, withstood the shock of invasion and saved the world from German military domination. In the words of Roosevelt, "Never in the history of the world has there been displayed such steadfast devotion in the doing of a dangerous duty and great shall be her reward."

But if France saved others from German hands she herself by no means escaped unscathed. As Carlton Hayes, the historian, says in his history of the war; "During the four years of their occupation the Germans willfully and methodically destroyed all that was in their power to destroy." Their aim was to cripple France economically in her strongest and richest districts. The total area bombarded and invaded comprised over sixteen thousand square miles, of which thirteen thousand square miles were rendered unfit for cultivation or habitation. This territory was equal to one-sixteenth of the total area of France, and so relatively rich was it that from its coal, textile, and manufacturing industries the French republic drew one-fifth of her income.

After the Germans withdrew there were left in France four thousand destroyed villages, twenty-one thousand destroyed factories and five hundred thousand homes in dust. The invaders had deliberately destroyed over a

billion dollars' worth of personal property; in addition to the barbed wire and the trenches, they left over forty million cubic yards of rubbish to be disposed of by a nation terribly crippled in her man power. Her richest mines were flooded, her best farms devastated to the extent of billions of dollars.

It is impossible to estimate in dollars and cents the damage of destroyed factories, flooded mines, ruined churches, razed orchards and forests, burned farm lands, nerve-shattered women, backward children, and dead men. But even the most rabid pro-German will agree that France required billions of dollars in reparations before she could even approach her pre-war condition. If Germany had acknowledged no other debts she must, at any rate, have assumed the burden of restoring that which she had wantonly destroyed. If the conqueror exacted of the conquered none of the fruits of victory, certainly by all standards of human justice, the victor should not herself be left in a worse plight than her humbled foe. In the words of David Lloyd George, "If Germany does not make full payment of reparations, it will be the conquerors who will pay the cost of defeat and the conquered who will reap the fruits of victory."

At the Peace Conference in 1919 it was formally decided that Germany must pay a large sum for reparations. The treaty provided that the Allies should be reimbursed for their losses in civilian property, for the destruction due to German invasion and occupation, and for the cost of war pensions. No attempt was made at that time to set the sum which Germany must eventually pay, except to state that the total of the reparations should be finally determined by the Reparations Commission before May 1st, 1921. It was further decided that as security and as evidence of good faith Germany should be required to make three bond issues, the first of which to the extent of $5,000,000,000 was to become due May 1st, 1921.

On April 27th, 1921, the Reparations Commission reported its findings to the effect that the total bill against Germany amounted to $33,000,000,000. This was the entire amount which Germany would pay if she were to fulfill to the letter the terms of the treaty. This was the total bill presented to Germany by the Allies. The Reparations Commision however, realized that Germany could not pay this whole sum at once; therefore certain modifications were made. For the present Germany is to be held responsible for the payment of $12,500,000,000. Her annual payments would be the interest on this sum at 5 per cent, plus 1 per cent, for a sinking fund and, in addition, a 26 per cent levy on all of her exports. This sum has been agreed by all financial experts, such as J. M. Keynes, the English economic authority, Monsieur Tardieu, former President of the French High Commission to the United States, and the American experts, John Foster Bass and Harold Glenn Moulton, to be well within Germany's capacity to pay. Furthermore, Germany practically admitted that she could pay this sum when on one occasion she offered the identical amount through the United States government. This sum, then, is the real reparations figure which we must consider in this discussion. We can safely ignore any consideration whatsoever of the other twenty billions, payment of which is to be indefinitely postponed by common consent of all the Allies.

But, although, as we have seen, Germany was given a square deal, reasonable demands and reasonable terms, she has persistently sought to avoid payment in every way possible, and has not made even a pretense of an honest effort to pay a reasonable part of the $12,500,000,000. By the terms of the Versailles Treaty Germany was to have paid $5,000,000,000 before May 1st, 1921, but the report of the Reparations Commission this year shows that up to the end of 1922 she had paid less

than $1,250,000,000 both in gold and goods, less than $250,000,000 of which was in cash. Germany's plea that she lacks means to pay more loses force when we become aware of the fact that during this time she had taken in over $2,000,000,000 from the sale of marks and other securities to foreign countries. The fact is that ever since the Armistice Germany has been apparently decreasing her ability to pay as fast as she can. Although almost solvent at the close of the war, she quickly became hopelessly insolvent.

Edgar Brun, Swiss economist and publicist, writes in the Fortnightly Review of June 23, 1923, "when the Armistice was signed Germany's monetary system was not undermined as it was a short time later. Her unsecured circulation was remarkably small." This audience is already acquainted with the ruinous inflation of the currency which Germany has brought about, and which has reduced her to a condition where her ability to pay is technically exactly zero.

It was obvious in 1919 that any attempt at maintaining economic stability involved drastic retrenchment for Germany, yet exactly the opposite course has been pursued. Dr. Gothein, an ex-cabinet minister, writes in a leading Berlin Daily: "Although the work has shrunk very greatly the number of our postal workers is greater by more than one hundred thousand than it was before the war. The state railways carry fewer goods and passengers and serve a much diminished area. Yet the personnel is greater by three hundred thousand than in 1913." There has been deliberate slacking all along the line in order to keep down production which is so necessary to the payment of reparations.

On at least seven separate occasions the Allies have found Germany formally guilty of deliberate attempts to avoid payment. On every occasion except one the Allied efforts to coerce her failed. At the San Remo confer-

ence in 1920 the Allies found Germany guilty of numerous infractions of the Treaty and threatened her with the occupation of more territory if the course were pursued. At the Spa conference in July, 1920, they again found her in default of coal deliveries and again threatened her with occupation. This same threat was once more repeated in January, 1921, but always without avail. Germany continued to write notes, pay as little as possible, and in the meantime to carry on a vigorous campaign to win the peace. Finally, at the London conference in February and March, 1921, the Allies, with Mr. Lloyd George as spokesman, threatened Germany with occupation of three important cities on the right bank of the Rhine. Later, as she persisted in her course, the cities of Dusseldorf, Ruhrort, and Duisburg were actually taken over by French, Belgian and British troops, but with apparently no particular effect upon Germany's attitude.

In May, 1921, the only real results obtained from the German government were evident when they forced her to accept unconditionally the findings of the Reparations Commission. Only when French bayonets were fixed and French troops already on the way to the Rhine was it that Germany accepted the terms unconditionally. In March, 1922, the Allies offered Germany what amounted to substantially a large reduction of the debt. This proposition was met by a demand for a two-year moratorium. Finally, after having badly defaulted in many ways, Germany in November of 1922 made her last request for a three- or four-year moratorium as the only possible basis of settlement. A short time later the Reparations Commission helped to bring matters to a climax by finding Germany in default on over 40 per cent of her wood deliveries for 1922 and soon after gave further technical grounds for entrance into the Ruhr by declaring her in wilful default of over two million tons of coal deliveries for the year.

At this time possibly three courses might have been pursued by the Allies. First, they might have granted Germany's demand for a three- or four-year moratorium. Second, they might have, as suggested by the British government, awaited a new determination of Germany's ability to pay by an impartial board of experts. Third, the oft threatened occupation of the Ruhr might have been carried out. For France only one course was open. A three- or four-year moratorium inevitably meant French ruin, which was already foreshadowed after four years of her attempt to bear by herself the burden of restoration of her devastated areas. The franc was falling steadily, the budget showed a heavy deficit, and French financial collapse was imminent. The delay for Germany, however, meant that she could build up her industries, restore her merchant marine, and become the powerful and prosperous neighbor that France had constantly feared since 1870.

The British plan of awaiting a new determination of Germany's ability to pay by an impartial board was not acceptable to France. The Reparations Commission, the official body established under the Treaty of Versailles, and itself composed of experts, had very carefully determined Germany's capacity to pay and had scaled the reparations figure down to the lowest reasonable limit. Any new repetition of this process would prove of no avail; for Germany herself, as well as all the leading financial experts of the Allies, had agreed that this figure was well within Germany's capacity of payment. Moreover delay could only result in what was practically a long moratorium for Germany since so huge a task could be carefully done only after years of expert study.

Occupation, then, was the only feasible plan for France to follow. She had already seen that such threat backed up by a show of arms, had achieved desirable results from Germany. Furthermore, the Allies had at

various times agreed upon this plan as feasible. Once they had actually cooperated in the occupation of three German cities. Through this seizure France had nothing to lose and all to gain. If she withheld occupation she could hope for nothing more than further conferences and moratoriums, which would in all probability result in French ruin. Accordingly at the Paris conference early in January of this year Premier Poincaré formally announced the French intention to enter the Ruhr and bring Germany to terms. His insistance upon this policy broke up the proceedings after the British had more or less formally agreed to disagree with the Belgians, French, and Italians. Within a week thereafter the Ruhr district, the Pennsylvania of Germany, with its one hundred and fifty coal mines, was in French hands. Another phase of the World War had begun,—the Siege of Germany. Report in today's papers tell us that the siege has been successful. German passive resistance has ceased and France has again gained what she went after. Germany is now willing to consider payment in a new spirit. This fact in itself is a vindication of the French policy of entering the Ruhr.

During the course of this discussion, Ladies and Gentlemen, I have tried to make clear to you that conditions forced France to enter the Ruhr for her own safety. First, Germany had wilfully and methodically destroyed billions of dollars worth of French property in order to cripple that nation economically. Again, France could repair this devastation only by the use of a huge sum of money, which should obviously be paid by Germany. Further, all attempts at collections up to 1923 had failed to achieve results. Finally, France entered the Ruhr to obtain financial and political security; and as I have said before, recent reports show that she has obtained that result. That fact in itself, is proof enough of the wisdom of the French policy.

If the gentlemen from Oxford are consistently to oppose the French occupation they must show us, during the course of this discussion, some other plan by which the French nation could have obtained an equal degree of financial security. If they cannot establish such alternative plan, we shall feel justified, Ladies and Gentlemen, in asking you to approve French occupation of the Ruhr.

Honorable Frederick Hale

Each speaker has eighteen minutes for presentation. At the conclusion of sixteen minutes the time-keeper will rise and call the attention of the speaker to the fact that he has but two minutes more, and the speakers will observe this rule, of course, in order to be fair to each other.

The first speaker on the Negative side will be Mr. G. A. Gardiner, of Magdalen College, Oxford.

FIRST NEGATIVE

G. A. Gardiner, Magdalen

Mr. Chairman, Ladies and Gentlemen: The very first thing I want to say on behalf of the Oxford Debating Team is to try to tell you what a very great honor and privilege we feel it to be, to be able to debate with teams from American Universities and what a particular pleasure it is to us to open this debating tour here in Bates College. If it had not been for the kind invitation of Bates, no team from Oxford would have come over here last year, and probably none this year either. I want to take this opportunity of thanking you here publicly, both for your invitation and for the wonderful hospitality you have offered us.

Now you have probably observed by this time that I am not wearing an eyeglass. A friend of mine in New York, an American, was very surprised to find that I had no eyeglass. He thought that all Englishmen had eye-

glasses and that their staple conversation was "Oh, what, really!"

Needless to say, we had similar ideas about Americans, and we are quite disappointed to find that all Americans do not chew gum, and we are also very disappointed at not seeing any red Indians about the place. The nearest approach I have seen to any red Indians, I saw this afternoon up at Bates College during the Freshmen's initiation, and I must say I was very sorry to observe that the principle of the equality of the sexes was not carried out there. I am sure that after considering the matter the authorities will evolve some plan of initiation for fresh women.

I noticed this afternoon that the Sophomores were playing the parts of the red Indians and the Freshmen were pursuing, it seemed to me, a policy of passive resistance. And that reminds me that we are here tonight to discuss the question of the occupation of the Ruhr by France. It is a very important question, not only to Europe but to England as well, for many reasons. Not the least of those reasons—and it should also appeal to America—is the fact that during the war America and France and Great Britain fought side by side, shoulder to shoulder, and owing to this question of reparations, and particularly owing to the French occupation of the Ruhr, their friendship has become very seriously estranged.

Now let me state at once why we object to the French occupation of the Ruhr. We object to that occupation for precisely the same reasons that His Majesty's government was not willing to help France go into the Ruhr, and for the same reasons that they protested at the time of the French entry into the Ruhr. In this matter there are three reasons for Great Britain's objection, and they are these:

The first is that it was illegal under the Treaty of Versailles. Now perhaps we do not think in England that

the Treaty of Versailles was such a wonderful instrument as the French, but whenever we have offered suggestions in the matter we have been met by France with quotations from the Treaty of Versailles. So it seems to us that the least we can expect from France is that she will keep within the boundaries of that treaty. That is our first point: that the occupation of the Ruhr by France is illegal under the Treaty of Versailles.

Our second point is that not only is it illegal under the treaty, but that it is politically and economically unjustifiable. We said to France: "We think you will find that the German workmen will not work with the French bayonet behind them and we feel that by entering the Ruhr you will only cost yourselves money that is needed for the payment of your troops and you will dislocate the system of that region which is the chief industrial section of Germany and throw all the industrial machinery out of gear. You will depreciate the German currency, you will weaken the hands of the German government, the very hands that it is necessary for us to strengthen if the German government is going to collect the taxes and regulate the laws by which alone reparations can be paid. We feel that you are simply going to strengthen the hands of the extreme factions in Germany, the monarchistic faction and the communist faction." These were the arguments of the British government when the French went into the Ruhr.

Now to return to the first reason, we say that it is illegal under the treaty of Versailles; that no justification can be found for it. The French, however, pretend to find justification for that entry into the Ruhr under Clause 18 of Annex 2 of the treaty, which reads as follows:—

"The measures which the Allies and the associated powers shall have the right to take in case of voluntary default by Germany and which Germany agrees to regard not as acts of war may include economic and financial

prohibitions and deprivance, and in general such other measures as the respective governments may determine to be necessary under the circumstances."

Now in the first place, I am willing to admit that it is not an exceedingly well drafted clause, but there are many phrases in it which will bear legal inspection. In the next place, there is the question of voluntary default; whether Germany's default could have been helped or not, whether it was voluntary or involuntary. As regards the Reparations Commission, the French, Belgian and Italian representatives voted that it was voluntary and the British voted that it was involuntary. But the phrase in this clause which has caused the greatest comment is this phrase: "—may include economic and financial prohibitions and deprivance, and in general such other measures as the respective governments may determine to be necessary—."

It is a question whether those general "other measures" that may be necessary were to include the occupation of territory, whether they would include occupying Berlin, even, or whether they did not rather refer to the broad outline of economic and financial methods of reprisals. Also it is clearly stated that those measures are only to be used by the "respective governments as they may be determined to be necessary."

There we have two questions. The first is, what reprisals are necessary in this particular instance and the second is, what is the meaning of the phrase "respective governments?" Does it mean that any country which signed the Treaty of Versailles, if Germany has defaulted in some measure, is entitled to take whatever measures it likes at reprisals? Can the Ruhr legally be forcibly occupied, martial law proclaimed and people thrown into prison and sentenced by courtmartials? I say no! There are limits to which any country can go. I think it will be seen at once that there cannot be any such interpretation

of the treaty that any country can take whatever measures it might think fitting.

When, for instance, Roumania invaded Hungary in 1919 for the very same reason—to obtain reprisals—her action met with a very stiff note from the Supreme Council still sitting at Versailles to the effect that as reprisals were a joint allied concern, in all cases of reprisals there must be a joint action. And I think that is only a matter of common sense. If we were to pursue the French policy to its logical conclusion, the King of Hedjax might have occupied Berlin if Germany had defaulted by not handing over the Koran within the time limit. Clearly, there must be a limit to what each of the allied countries is entitled to do under the Treaty of Versailles.

In England we took advice from our greatest lawyers and they gave it as their legal opinion that the action of France in entering the Ruhr cannot be defined as coming under the Treaty of Versailles by any clause at all. The German lawyers also are agreed on that point. The French government did not even consult their lawyers. They simply said, "This is legal under the treaty." Then Great Britain said, "There seems to be only one thing to do under the circumstances. People differ with regard to the interpretation of the treaty. We will refer the question of the legality of the occupation of the Ruhr to any impartial international commission." And the French, for reasons best known to themselves, refused to refer the matter to such a commission, and it seems to us that in view of that French refusal there is a presumption to be drawn, and that it tends to show on which side the right really is in this question of legality.

Now my colleagues who are to follow me will deal with the economic and political consequences of the occupation of the Ruhr. The member of the Bates team whose eloquent speech you have just heard said that he would like to hear from us an alternative policy to the

occupation of the Ruhr. Well, our alternative policy was this. We said, "German capacity to pay has never been scientifically estimated, in the first place." No one has ever been mad enough to say that Germany could pay for the war. Mr. Lloyd George has sometimes been accused of it, but it is not true. All he said was that Germany should pay to the utmost limit of her capacity, and that is all they decided at Versailles. They decided there that Germany was liable to pay under certain heads. The member of the Bates team who just sat down told you that the Reparations Commission fixed German capacity to pay. Well, I hesitate to differ with him but I will challenge his team to produce upon what occasion the Reparations Commission fixed that sum. As a matter of fact, what the Reparations Commission did fix, and all that they fixed, was that reparations were due from Germany under certain heads, such as reparation for all property damage caused by them whether by sea or land or air. That is what the treaty laid down as to what Germany was liable for, but neither the Reparations Commission nor anyone else has ever fixed German capacity to pay.

So, the English scheme, as I started out to say, was this—and in calling it the English scheme I will say that I believe it came from America first: Mr. Hughes speaking at New Haven said that the capacity of Germany should be estimated by an impartial international commission. That was the alternative plan which the British government offered to France. We claim that this question of reparations can never be settled until Germany knows how much she must pay, and that can never definitely be settled, until we find out how much she can pay.

The whole question of payments and reparations is not an easy one. No nation could pay reparations such as we are demanding of Germany. Such an amount

cannot be paid in money. There is only one way and that is by balance of trade, and that is a matter of international importance. Therefore, our suggestion was that the capacity of Germany to pay should be fixed first, that the exact sum they have to pay should be decided upon and signed by them definitely and in good faith as being within their capacity to pay. The last speaker said that several times Germany had said they could not pay the sums demanded, that the French had been behind them with bayonets and at the last moment they had said, "Very well, we will sign an agreement to pay." Now what is an agreement to pay under those circumstances worth? When you hold a pistol to a man's head and say, "Pay me Five Hundred Pounds," even though he has not got it he very naturally says, "Yes, certainly I will pay it." And then if he later repudiates his agreement to pay, made under threat, who will blame him? Certainly not I.

Now what have the French got out of the Ruhr politically? They have got exactly what the British government said they would get. The German workman has refused to work for the French master. The French have thrown absolutely out of gear the chief industrial region of Germany just at the time when above all other things we wanted to strengthen the government's hands. The mark has been depreciated until they are selling them ten thousand for a nickle, one hundred thousand a quarter, and they are not worth even that. More suffering has been caused to the working classes of Germany, but nothing constructive has been accomplished. And what have they got out of it economically? Well the answer is very simple, and it is "nothing." Whereas before the occupation they were getting a certain amount of reparations, now they are getting nothing, except a certain amount in coal and what that amounts to was publically stated by the French Prime Minister the other day. It is nearly

4 per cent of what they were getting before the war, and meanwhile it has cost them a great deal of money to keep up their armies of occupation, and I will say nothing at the moment about the spirit of hatred created in Germany. The last speaker said that Germany now faces the payment in a different spirit than ever before. That is true. There is an official paper published by the German government on the atrocities of the Ruhr. I can recall the feelings aroused by the atrocities of the Germans in Belgium, and the feelings are very much the same. A very different spirit than formerly has been created in Germany by the French occupation of the Ruhr.

Of course the French want reparations. They cannot meet their obligations unless they get them. But they also want to crush Germany and get security against future German invasion, and who can blame them? Twice in the last fifty years they have been attacked. Both of those objects seem to be legitimate, but Germany cannot pay reparations until her trade is restored and France does not want Germany's trade restored because it will compete with her own. France wants, in a sense, to crush Germany, and in another sense to make her pay reparations. That is France's dilemma at the moment. She wants to have the golden eggs—in the words of the fable—and at the same time she wants to kill the goose that lays the golden eggs. Now our view is this, that however admirable a desire that may be, it is regretably a physiological impossibility to both eat your goose and have it.

SECOND AFFIRMATIVE

E. D. Canham, Bates

Ladies and Gentlemen: The gentleman from Oxford has expressed his thanks to Bates for the reception here. I would like to say for my own part and on behalf

of the Bates team how much we appreciate the fact that they are here.

The gentlemen expressed themselves as being very sorry that some of the fresh-women at Bates could not go through the antics of the first-year men. We are very sorry for this seeming omission, Gentlemen, and I will speak to the authorities about it the first thing in the morning.

The preceding speaker has told us a great deal about the illegality of the French action in the invasion of the Ruhr. Our personal opinion is that the gentleman has stressed this point entirely too much. But we are very glad to consider the legal issue by the same method which the gentleman used. He gave us a very admirable legal analysis of that clause of the Treaty of Versailles which relates to France's action in entering the Ruhr: "The measures which the Allies and the associated powers shall have the right to take in case of voluntary default by Germany and which Germany agrees to regard not as acts of war may include economic and financial prohibitions and reprisals, and in general such other measures as the respective governments may determine to be necessary in the circumstances."

Now the gentleman divided this clause into three points, and his analysis was so excellent that we are tempted to adopt it ourselves. In the first place, the gentleman asked whether Germany was or was not in voluntary default. He said that a majority of the Reparations Commission voted that Germany was in voluntary default; so we may pass over that point as the gentleman did. Then he came to the next moot clause and spent most of his time on it. He wanted to know if the phrase, "such other measures," which is included in the clause he quoted, should include military occupation. We are very glad to analyze this clause as the gentleman did.

Remember, please, that at the time when France

entered the Ruhr, she had hopes that the occupation would be a civil one and not military at all. That fact may be of course more or less aside from the point. The main reason that the clause "such other measures" does include military occupation is because Great Britain has given this as her opinion in the past. For instance, at the conference of London in March 1921, Dr. Simonds, the German delegate, made the same contention. The British Prime Minister, speaking on behalf of the government, overruled the contention of Dr. Simonds and actually threatened the occupation of three towns on the right bank of the Ruhr, an occupation identical with the one the gentleman has opposed this evening. Mr. Lloyd George contended that this summary British action was justified by the fact that Germany was voluntarily in default. Moreover, not only did His Majesty's government threaten that action, but they carried it out. In company with other governments they occupied three towns in Germany.

There are other reasons why the phrase in question does include occupation such as France has carried out. The Allies have again and again threatened occupation. For instance, in 1920 the Supreme Council of the Allies threatened occupation of the Ruhr Valley. At that time nobody said that such an occupation was illegal. Furthermore, the spokesman for the Allies said at the conference at Spa that if by the date of November 10th, 1920, it were found that the total deliveries for August, September, and October, 1920 had not reached the sum of £6,000,000, the Allies would proceed to the occupation of a new part of German territory, the district of the Ruhr or any other district. Remember, Great Britain was a companion in that act. If that does not show conclusively that the French action is legal, what, I ask you, will prove that point?

Again, the gentleman took up the third moot point, whether the phrase "the respective governments" means

one or all of the governments concerned, acting in unanimity. You will remember that the gentleman said that if the King of Hedjaz should want something from Berlin and should go in and take it, that would fall under the Treaty of Versailles. We must also remember, that it is not France alone who is occupying the Ruhr Valley. There is a majority of allied opinion with France. In fact, Great Britain is the only one of the four principal allied powers to dissent. Does not that fact show clearly that under the phrase "the respective governments" the French action is legal? But even if France were all alone she would still be acting legally. For instance, I quote Sir Robert Horn who, as Chancellor of the Exchequer, said, "Section 18 clearly leaves to *each of the respective governments* the task of determining," etc.

We have reviewed the three points which the gentleman analyzed, and we have seen that under any one of the three the British interpretation of the Treaty of Versailles clearly shows the French action to be legal.

Bates' opinion tonight is that the French occupation of the Ruhr will have a desirable economic effect. We base this opinion, first of all, upon the contention that Germany is able to pay her debts. Remember, Germany was never invaded during war, and since the war her industries have been busier than those of any other nation. Furthermore, her natural resources are great, and they are still in the main unimpaired. This situation is what France saw that, made her invade the Ruhr. She saw a Germany which was more powerful industrially, than ever before ready to rise in an economic struggle for which she was preparing herself at the expense of other people. She saw a Germany which, since the war, has been building houses, public structures, new villages entire, factories, mine workings, rolling mills, blast furnaces, railroads, canals, hydroelectric power plants, transmission lines, harbors, docks, and ships, so fast that at the present time the restoration of over one-half of

Germany's pre-war mercantile marine is restored. That is what France saw that made her enter the Ruhr. France saw also a Germany depositing hundreds of millions of dollars in gold in foreign banks, a Germany with a higher birth rate and lower death rate than ever before, a Germany with vast natural resources, a Germany that was fast putting herself in the position of having lost the war but won the peace.

These things are exactly what France saw that made her invade the Ruhr. It has remained for a Britisher, Mr. J. Ellis Barker, a brilliant author, to sum up the situation. He says: "The real wealth of a nation consists not of money, which is a mere simulacrum, but in valuable property, such as land, houses, machinery, etc. The real wealth of Germany is scarcely diminished." Germany is wealthy. With this wealth, she can pay the France she ravaged.

With the potential ability of Germany to pay her debts clearly established, the next point is, will the occupation of the Ruhr make that payment certain? We have no doubt that that is the question which the gentlemen from Oxford are to consider shortly for our benefit. We will say once and for all that the occupation will make German payment certain. Of course we must admit that possession of the Ruhr has injured Germany. But that injury, remember, has been almost entirely a result of the policy of passive resistance which Germany has pursued. Thus she has brought injury upon herself. On January 11th, 1923, Germany had her choice, on the one hand of cooperating with France and paying her debts in record time, or, on the other hand, of resisting. She chose to resist and has wilfully destroyed everything she could which was of any particular value to France. Thus Germany's injuries are largely a result of her own deliberate action.

France sees clearly the injury which has been wrought upon Germany, and France takes a very reasonable atti-

tude. She states that she does not expect to get any great sums of money at once. Remember, the essential fact is that France is today victorious in the Ruhr. Her policy has been absolutely vindicated. Germany's surrender is complete and abject. The policy of passive resistance is a thing of history. Of course, events have followed one another so closely that it is impossible to draw conclusions, but it is likely that effective cooperation is now in sight. With this cooperation at hand France will be able to get payments in money and in kind, for she has the strategic advantage in the Ruhr Basin. She holds the whip-hand and will undoubtedly be able to force Germany into some desirable method of payment.

But the gentleman may tell us in his next speech that even with cooperation on the part of Germany France will be unable to get tangible results. We will, therefore, remind you that France is today, by her own efforts, getting tangible results. For instance, we have recently read in a cable dispatch by Sisley Huddleston, send from the Ruhr to the Associated Press, that France is today, and has been for some time, operating the Ruhr-Rhineland Railroad with considerable profit. An annual profit of 400,000,000 gold marks, or a little less than $100,000,000, is predicted as the profit to France from the Ruhr-Rhineland Railroad, in the World's Work for June of this year.

There are many other results of the occupation which point to payment to France. For instance, we read a week ago of the offer from Germany of 30 per cent of the stock in all German industry, to France. Furthermore Germany will be able to pay France in goods, in products which France would be able to receive and which Germany possesses in abundance. France needs coal desperately. Germany possesses plenty of that coal. France needs building materials with which to rebuild her devastated regions. Those building materials Germany possesses. But the most feasible manner in which

Germany can pay France is in showing a favorable trade balance, that is, in selling more goods than she buys, and thus showing a profit. According to the current issue of the International Year Book there are many products which Germany can easily produce and which the world will gladly buy—potash, of which Germany possesses a monopoly, coal, cotton goods, sugar, dye stuffs,—and we might mention the fact that the world's children are wailing for German jumping jacks, while their papas are equally tearful when they think of good German beer. By all these means Germany can build up a foreign trade which will bring her money with which to pay reparations.

Not only is this trade balance possible in theory, it is an absolute fact, because during three months of last year reliable figures published in Germany and in the American Annals of American Academy, showed a favorable trade balance, which should have gone toward reparations.

We have now enumerated many of the means by which France can get payment, most of them directly due to the occupation. The recent German surrender proves the wisdom of France's policy and shows that it has made cooperation possible. France is now in a position to force some desirable method of payment upon her reluctant neighbor. Of course, it will take time. The situation in the Ruhr is this: Germany has abandoned her policy of passive resistance. France holds a mortgage over Germany. If Germany desires to pay at once, France will withdraw at once. If Germany prefers to pay in installments, France will withdraw in instalments.

The gentlemen from Oxford may admit what we have been talking about, but may tell us that the policy is too harsh and that there is a serious question as to whether Germany will be able to recover from the damages inflicted upon her. Of course we wish to point out that,

first of all, this policy of passive resistance is what has brought about the injuries to Germany. That active resistance is now a thing of history. If Germany goes bankrupt that calamity will not have been caused by the occupation. For four years experts everywhere have been telling us that German bankruptcy was inevitable. That situation was definitely predicted years before France thought of entering the Ruhr. For four years, ever since German currency deflation began, all experts have declared that a financial crash must come, for inflation necessarily brings deflation. Hence by no stretch of imagination, can Germany's ruin be blamed exclusively to France.

In speaking of the German crash in one breath, and of Germany's ability to pay in the next, we do not wish to be thought inconsistent. We foresee a fiscal or technical bankruptcy,—perhaps worse conditions. Germany's ability to pay reparations, however, is not gauged by the condition of the paper mark. It is measured by resources, by the condition of industry, and the prosperity of the people. Moreover the situation is improving, for the present government, taking a very sane attitude, promises to issue currency backed by gold, and that procedure will be the first step toward stabilizing German finance.

Now the rest of the world is more or less alarmed at the situation. Great Britain is alarmed at what may happen to her own trade. Regarding Great Britain's situation, Sir Arthur Balfour who is president of the Associated Chambers of Commerce of Great Britain, stated three weeks ago in the New York Times that he would not change Great Britain's economic situation for that of the United States at the present time. He thought that, fundamentally England's position was as sound as America's. Such a statement from such an authority, leaves no room for fear of industrial suffering in England as a result of France's action.

Ladies and Gentlemen, our first speaker, in conclusion, asked if the gentlemen from Oxford could propose an alternative policy which would have an immediately better result than the occupation of the Ruhr by France has had, and the gentlemen have replied. They have told us that they believe the policy of an international commission would have been better; they have doubted whether the Reparations Commission brought a just finding as to Germany's ability to pay: and they have given us a history of the events. The history of the negotiations between the Allies and Germany is very amusing. For instance, at the time of the Versailles treaty the Allies decided they wanted $50,000,000,000, and Germany replied in good faith and very seriously that the utmost amount she could possibly pay was $30,000,000,000. So the Allies considered and decided that they had been mistaken the first time and reduced to a figure of $32,000,000,000. Shortly afterward, Germany replied, as in the first instance, that the utmost she could possibly pay was $20,000,000,000. The Allies again reconsidered and decided that Germany might be right after all so they agreed to reduce the amount to $20,000,000,000. In response to this decision, Germany stated again, with the utmost seriousness and in perfect good faith, that the best she could possibly do in the matter of payment was $12,500,000,000. So we have it at the present time, the Allies have brought their figure down to $12,500,000,000 and Germany tells us that all she can possibly pay is $7,000,000,000. I seriously believe, Ladies and Gentlemen, that if the allied powers should actually reduce their claims on Germany to $1, Germany would reply in perfect good faith, that the most she could possibly pay would be 98 cents!

Let us briefly consider the gentlemen's plan for an international commission. Remember, this is not a new thing. There have been several international commis-

sions operating in the past, and they have accomplished nothing in particular. In considering the gentlemen's proposition of an international commission it must be concluded that it is neither new nor untried. It is in reality something which has been tried in the past and failed. Before the gentlemen condemn France's action for good and all, they must advise us at greater length as to their concrete and specific plan for such a commission which shall give definite and lasting results to France.

HONORABLE FREDERICK HALE

The next speaker will be Mr. J. D. Woodruff of New College speaking for the Negative.

SECOND NEGATIVE

J. D. Woodruff, New College

MR. CHAIRMAN, LADIES AND GENTLEMEN: It is obvious that the whole value of a discussion like this must turn upon the spirit in which it is approached, and I desire to corroborate the delight expressed by my predecessor, Mr. Gardiner, at cooperating in this debate in the spirit in which so far a difficult discussion has been carried out. Everywhere I go in America I desire to share in the spirit of the country. Down in New York I was even happy to take some glasses of soda water in the spirit in which they were offered.

The last speaker implied that there was pessimism in England and in Europe generally at the economic outlook. It is perfectly true. Just before the war a favorite song which one heard a great deal in London streets was "Let's all go down the Strand and have a Banana." What do you suppose is the most popular song today? Well, my remark about the spirit being a decisive factor in discussions of this character is a very pertinent one to the

whole of our case, because what we maintain is that whereas three or four years ago we had the misfortune to share the blindness which still prevails among our Allies, we have grown sadder, and very certainly wiser, men through the events which have since transpired.

The whole point that will stand out when these years are chronicled in history is that the world lost a great and unique opportunity through relying upon an old and, as it proved, antique tradition of diplomacy and relations between nations at a time when new problems, not perfectly envisioned, came clamoring for immediate settlement by the statesmen of the world. The old diplomatists, of which M. Poincaré himself is a most eminent example, were brought up in a diplomatic world which has now wholly vanished. The trouble with those diplomatists is that the world is out of sympathy with their ways of looking at things. They think they are the men who make the world go round, but all they really succeed in doing is to give it quite a turn.

Now, that old diplomacy has always included as part of its equipment a most total ignorance of economic conditions as they really exist, and I was greatly pleased with the last speaker who led up to the remarks I myself have to make by recognizing the great truth that in the end all reparations from one country to another must be paid out of the surplus of its exports over its imports. The last four or five years, as he stated, have witnessed a quite startling reduction in the claims made by the allied governments upon Germany. Now why do you suppose that those figures have been so materially reduced from the demands first put forward in the exalted day of victory? The reason why those figures have been progressively reduced is not because the Germans asked it, but because serious thinking convinced the statesmen that they could not get these large, fantastic sums which they had first demanded, and our point is that we are only making matters worse by blinking the facts and not real-

izing that it is no use demanding these impossible annual payments from Germany.

This little book which I have here, which is entitled "Germany's Capacity to Pay," is to my mind one of the great glories of American scholarship. It was published two months ago as the result of an inquiry undertaken by the Carnegie Institute of Economics and it deals with the capacity of Germany to make reparations, that being the thing which it seemed obvious it was exceedingly necessary that the world should know. That book would be an eye-opener to my honorable friends of the Bates team. You would not gather from anything they have said that on the estimate of your own American economists Germany has already paid in reparations and restitution between 25,000,000,000 and 26,000,000,000 gold marks—between $5,000,000,000 and $6,000,000,000, —I believe the American public will find it easier to think in billions of dollars.

Now, that is a very important fact, and another very important fact laid down with an abundance of most convincing argument by those men is that Germany, the Germany of 1913, which was an immensely more powerful Germany than the Germany of today because it had not lost two-thirds of its natural resources—its alloy, its zinc, its coal, its overseas trade—all the things that were swept away at a blow in that enormously dogmatic Treaty of Versailles—all those things which were still in Germany in 1913—and I am quoting the opinion of those eminent American economists—another very important argument is that Germany could never have paid one-half of the gold payments which she had to say she would pay, and naturally did say she would pay. Over and over again the old governments of the Allies have forced the Germans at the point of the bayonet to say that they would pay sums which they protested at the time they never could pay, and which they never have paid.

Germany is not the only country in Europe which has

gone into financial chaos. If you compel a government to go on printing money there comes a point at which that money ceases to have value. Now we maintain that the interests of Europe vitally demand that Germany shall not crumble into a mass of small, ignorantly directed, competing states, as in the case of some of those newly created countries—what we may call the "Freshmen" countries of Europe. Europe's chances of turning into something decent depend on the sort of economic life those countries are able to develop for themselves and that turns upon whether there is trade between the different parts of Europe and whether they are producing as they should produce. Economic prosperity for Germany can only be achieved if she has some sort of a stable government and economic prosperity in Europe will be rendered almost impossible if you let Germany slide back into the position of Austria and have to fall back upon the charity of the League of Nations to save its wretched industrial population from starvation because no one will trade with them and because no business can be done.

The economic issue to my mind so rightly dominates the legal issue that I do not propose, as our time is exceedingly limited, to go into any detail of what I must regard as a smaller matter, because I do not consider the Treaty of Versailles as a sacrosanct document. I could spend all my time following the statements advanced on this legal point by my friends of the opposition, that because the French have gone into the Ruhr therefore it was intended in the treaty that they should do so, and that that is a measure that one or two of the Allies, although strongly opposed by another, may take under the terms of the treaty. I am content to leave that to some other impartial tribunal.

But much more important is the question of whether Germany is, as has been plainly implied and frequently stated in so many words, a clever, cunning fellow playing

a game which is going to outwit the better hearted but softer headed statesmen of the allied powers. And that is where I think that the value of these independent inquiries and statistics is so great. If you do not believe the conclusions of the gentlemen who wrote this little book which I have referred to as the opinion of some of your most eminent economists, then there is no reason why you should believe my conclusions, coming as I do from England which stands to gain or lose so much more from the general economic condition of Europe than the United States. But these are the actual conditions: that Germany is not the same country which she was before the war, that the losses in territory, in mineral wealth, in life, in money investments abroad, are enormous, that before the war Germany could not have paid these sums because she had not the export balance necessary, and that when people say, "Yes, we agree that reparations can only be paid upon that surplus," then you have this book to work out for you the extent to which Germany's trade has been cut down.

Now a fairly good test of the standard of life in any country is its consumption of meat, and Germany's consumption of meat is less than half of what it was before the war. The import question is rendered hopeless by the fact that in such important, such vital materials the Germans have become an importing country where before the war they were an exporting country and consequently in the opinion of this book the most that can be hoped for now is that the materials to keep the German people alive and producing enough to pay for those imports will take for several years to come all the actual exchangeable wealth that can be produced in that country and that therefore it is nonsense to talk of going into the Ruhr for guarantees.

German prosperity depends upon its producing power. No one is going to buy German paper unless in

the end it stands for German goods; therefore any blow which lessens the number of German goods going out into the world, lessens the chances of there being wealth which the Allies can obtain.

And it is a great mistake to supppose that the German government is up to all the wily tricks that have been attributed to it. The Reparations Commission have their representatives in the government offices in Berlin, and the French themselves are watching closely every move. The German government at the present time is much more stupid than wicked. It consists, as you know, of a number of mediocre men who were put into power not in the least through any merits of their own but because it was believed, largely on the statement of President Wilson, that a change of government was going to secure easier terms for Germany, and the credit of that government has gone down steadily.

The communist elements on the left hand and the extreme militarists on the right, have been gaining steadily in strength. Recently there was held in Germany what I believe you here in America call a "straw ballot" and it showed an enormous following in the direction of communism. Now it seems perfectly obvious that if this strangle-hold is executed to the full, then the Germans will look around first seeing what reinforcement they may gain from hope and if there is no hope, to what they may take from despair and they will slide into communism or back into militarism, and that means nothing more nor less than an European disaster, both for them and for the French.

We maintain that this occupation of the Ruhr by France was mistakenly undertaken, that it was undertaken through fear of French public opinion, which French politicians have never shown themselves remarkably courageous in contradicting. But it is a mistaken policy. The speaker on the other side began with the statement that France is on the verge of financial collapse.

I think it is a statement very largely true because they have not gone in for courageous taxation, and that is the real root, to our minds of their determination to try desperate measures and to jeopardize the economic and political future of Europe in the hope that they will somehow find a way out of their difficulties, but we ourselves are convinced that they are going the wrong way, that they should turn to another direction and consider not only the national but the international aspect, and we believe that were we to remain silent and let them pursue their disastrous course the very stones over the American dead in France would rise up and shout up to them, "Look both ways and live!"

THIRD AFFIRMATIVE

W. E. Young, Bates

Gentlemen of Oxford University, Ladies and Gentlemen: We feel that the previous speakers have been all too pessimistic from England's standpoint. The previous speaker however has advanced an argument which more than any other has convinced us that there is some justification for the English position of opposition to the French occupation of the Ruhr, when he tells us that since France entered the Ruhr Valley the national anthem of Great Britain has become "Yes, we have no bananas." But we remind the gentlemen of Oxford that they have something just as good as any banana—that is a good old New England Baldwin. And that source, namely Baldwin, we can assure them, will take care of their difficulties whereas bananas fail.

To show you that Premier Baldwin is not as pessimistic as the gentlemen are themselves, let us read what he said today. He said today in speaking of Anglo-French relations, which the gentlemen have stated as being near the breaking point: "I think that there is now

both in Paris and in London recognition of the importance of the Entente in this way, that without it an European settlement would be far more difficult." When we remember that Premier Baldwin is offering that statement, and also that he had a conference recently with Premiere Poincaré in Paris on the international situation, and that afterward both Premiers stated that now the British government is substantially in agreement with the French government, we see that England is at last coming to realize that the French policy is going to spell success. The gentlemen are too pessimistic when they state that the French policy will mean the economic ruin of Britain. As we have pointed out, the responsibility of any economic crisis which may arise is due, not to the French occupation of the Ruhr, but rather to German resistance in the Ruhr. The same article of the treaty from which the gentlemen tried to prove that the French action was illegal—and which we are pleased to note one speaker of the Oxford team said was not as important as the economic aspects—that article states that Germany shall not consider as acts of war such an action as France's going into the Ruhr. We must, therefore, accept the French policy as legal under the Treaty. Any troubles which arise are not due to that legal action of France but to the illegal German resistance.

Now if we examine very briefly the economic situation of Great Britain we find that since France has occupied the Ruhr, unemployment in England has been less; she is enjoying a trade considerably larger than before the war; and her freightage has increased 13½ per cent in 1923 as compared with 1922.

With regard to the fact that occupation means the economic ruin of Germany, again we say that the responsibility rests with the German act of resistance. But, is it true that the French occupation will bring about the economic ruin of Germany? As the second speaker for

Bates pointed out, experts for the last four years have told us that Germany must go through fiscal bankruptcy. This outcome was predicted long before France dreamed of going into the Ruhr. The economic evils are also due, as the first Bates speaker pointed out, to the policy of inflation of currency pursued by the Germans, together with the overmanning of government works; such as, the post office and the railroads. Furthermore, the second speaker for Bates showed that Germany can swiftly recover from these economic effects because, while it is true that Germany is facing bankruptcy, nevertheless, the real capacity of a country to recover from financial stress and to pay reparations must not be judged by the mere fiscal status, but rather by her resources and the position of her industry. The German territory is, of course, intact, for it has suffered neither invasion nor devastation that would cripple the natural resources. Fundamentally, the real physical wealth of the country has not been touched. Germany has no devastated area as in the case of France and no unemployment as in the case of England. Furthermore German energy has been unimpaired, and German industries have increased possibilities for the future. There is no question that the country still has the capacity to recover. Even the gigantic debt of Germany to the Allies amounting to $33,000,000,000—and that is the only debt Germany has—even this, which the Allies are willing to reduce as the two previous speakers pointed out, even this figure is no greater than the national debt of Great Britain. In view of the difference in population of the two countries, we may conclude that Germany's ability to recover is greater than that of Great Britain herself.

On the other hand, whereas we have provided for a policy which will mean German recovery and French recovery through a policy of equal cooperation in the Ruhr, the gentlemen from Oxford have failed to produce a constructive plan which will provide the same benefits as the

occupation of the Ruhr, namely, economic and political stability in France and the economic recovery of Germany. In fact the position of the Oxford men is identically the same as the position of the Baldwin government. They can find acceptance for their program neither in Germany nor in France, whereas the French policy has the support of nearly all Europe with the exception of Great Britain.

The gentlemen from Oxford have also contended that the French occupation of the Ruhr means economic and political ruin for the little nations, what he has termed the "freshmen" nations of Europe. We of Bates do not hold that freshmen as a general rule know a very great deal, but we would remind them that even freshmen generally know enough to look out for their own welfare and security. We would ask the next speaker to tell us where the leaders of these "freshmen" nations of Europe line up, whether with the English or with the French policy. We think he will have to admit that they realize their political and economic welfare would be menaced by an unstable Europe; therefore these small "freshmen" countries of Europe are for the most part lining up with the policy of Poincaré.

Finally the gentlemen have argued that France is morally guilty. If we answer this argument, we have dealt with every major argument offered by the gentlemen in justification of the British policy. We frankly concede that it is very difficult for us to consider that France could be morally guilty. We still remember the rape of Belgium in 1914, and the program of wanton, wholesale destruction so efficiently carried out in northern France, that she cannot recover for over a century at best. The gentlemen have said that Germany has paid $4,000,000,000 or $5,000,000,000, and have quoted what they believe to be good authority, Moulton and MacGuire! We have equally good authorities, the Reparation Commission, that say Germany has paid much less than

$2,000,000,000. However, the question of what Germany has paid sinks into insignificance when we know that France has paid over $12,000,000,000 in repairing the damages done to her territory by the German military during the war. France has paid double what any expert says Germany has paid, and France has been invaded while Germany is left intact. Furthermore, if there is any guilt in the present crisis other than Germany's, it should be laid at the doors of Great Britain and the United States for their failure to back up France after that nation had so magnificently fought for all civilization.

The previous Bates speakers have emphasized the expediency of the occupation of the Ruhr from the viewpoint of economic security for France, but France was also face to face with the necessity of political security. She must save the future from another German invasion. France was face to face with economic collapse, but also with the dire effects of a terrible political repercussion. She must ensure her security from future German aggression. Contrary to general belief, Germany has the military organization and resources to resist payment. She has a highly trained army of one hundred thousand men, the maximum allowed her by the Treaty of Versailles, and she has created also a so-called state police, an armed force of an additional one hundred thousand men fully equipped for military warfare. Although Germany is not supposed to have military reserves under the terms of the treaty, civilian military reserves exist throughout the country in the form of organizations like the Arbeitgemeinschafter in East Prussia, and the Selbschutz in Silesia. These organizations, formed since 1918, are composed of officers and veterans of the World War. The very existence of these organizations is contrary to the provisions of the treaty, but the Berlin government has not even tried to disband them.

In fact the Allied governments possess proofs beyond

dispute that all lists, not only of the German army that was in the field in the autumn of 1918, but of the annual contingents liable since then, have been carefully preserved and kept up to date; thus the machinery is ever present to convert these millions of citizens without delay or friction into regiments, divisions, and army corps. Germany has not only the organization but also the resources, that is, manpower and equipment. She had a mobilized army of six million at the time of the armistice to which must be added the annual quotas for the last five years. Relatively her loss in manpower during the war was less than that of France. Again the population of Germany is sixty million whereas that of France is but forty million. Moreover, the German population is far more prolific.

Germany has the equipment. French and British periodicals agree as to this point. That British periodical, the Fortnightly Review, declared in its issue of August, 1922, "As for arms and ammunition it is known that their stocks and supplies are simply incalculable, while the means for turning out poison gas were never so abundant as they are at the present time."

The German menace to French political security and world peace becomes more threatening when one knows that Germany has a willing ally in Soviet Russia. The basis for a Russo-German alliance is clear. "Both countries desire to end the late-recovered independence of Poland, and to subject her once more to Russo-German servitude." The only obstacle to such a move is France. Both Russia and Germany hope to escape the payment of their just debts; but France is the creditor of them both, and she is determined that they shall pay. Further, France has as bitterly opposed sovietism as she has Prussianism; and this French attitude has aroused the animosity of the Bolshevik leaders. Already Germany and Russia have concluded a signed agreement at Rapallo near Genoa in May, 1922. The far-reaching consequences of

this agreement may be seen in German domination of Russian markets, German assistance in the reorganization of the Red army, the largest in the world, and German control of Russia's ambitious aviation program. Writing in the American Review of Reviews for June, 1922, Frank H. Simonds declared in regard to the Russo-German agreement: "The two greatest nations on the Continent, in population, in resources human, mechanical and material, had struck hands. The condition created by the war and the victory over Germany was abolished." Germany had lost the war only to win the peace.

The previous speakers have emphasized the fact that occupation of the Ruhr was necessary in order to get French economic security. France had to go into the Ruhr or face economic ruin. They have stressed the fact that there was no alternative. It is equally true that France was, as I have said, face to face with the question of political security, and must secure her future from German invasion. The occupation of the Ruhr has, at least, checked the German menace to world peace. As the first speaker of the Bates team clearly showed, the Ruhr is the Pennsylvania of Germany. Control over it, then, gives France a strangle-hold on Germany. The result has been a French victory and a German surrender. Germany has lost the peace as she lost the war, and the French have gained the victory.

France has no ulterior motive. She has no intention of annexation. She wants only what the other powers have already received, namely, political and economic safeguards. Great Britain has received such political and economic safeguards in the fact that she has had the entire German navy destroyed, the naval base at Heligoland placed in her hands, and the great threatening German Empire reduced to a continental state through the distribution of German colonies, a large share of which came to England. Japan has had the Germans removed

from Shantung and the Pacific. Italy has had her rival, Austria-Hungary, torn to pieces and crippled for centuries by dismemberment. The United States has complacently withdrawn three thousand miles from the Hindenburg line, and is now busily engaged in collecting money from her associated powers, money expended in behalf of a common cause. But impoverished, devastated France still lies in the wake of a German industrial and military organization, still intact with arms and ammunition, and a German disposition which still breathes hatred and revenge.

Justice to France demands that we understand her position, the necessity for it, and our own responsibility for the condition which rendered the present French policy imperative. If Britain and America wish France to come out of the Ruhr, the way is clear for Anglo-Saxon leadership. We should have an economic gathering at Washington—conferences seem to succeed there—when reparations will be scaled; allied debts largely reduced or cancelled outright; allied financial control of Germany provided for; and loans to Germany negotiated. We must have a political conference at Washington, which shall guarantee France security from German invasion; which will drastically reduce armament and armies; will largely curtail airplane and submarine construction; and will provide for the separation of the Permanent Court of International Justice from the League of Nations. One thing more, the League of Nations itself must be divorced from the impossible provisions of the Treaty of Versailles.

That such a program represents sacrifice upon the part of all, especially Britain and America, is obvious, but its fulfillment is the minimum requirement for the restoration of world stability and peace. Until Britain and America can offer something constructive, they have no moral right to criticize France for taking the only open avenue to French preservation.

HONORABLE FREDERICK HALE

The last speaker for the Negative, C. H. O. Scaife of St. John's College, will now address you.

THIRD NEGATIVE

C. H. O. Scaife, St. John's

MR. CHAIRMAN, LADIES AND GENTLEMEN: I will try to show how much I appreciate the honor which has been accorded to me and my associates from Oxford tonight by going straight on with the debate where it has been left by the last speaker.

He says in his last concluding remarks, "Let us have a conference at Washington to settle the question of reparations." I say, "Why not at Geneva, Sir?" Last year we debated the question of the League of Nations here in Lewiston, and this year it was thought that everything had been said, perhaps, which was to be said upon that subject. But, Sir, after the admirable speech of the last speaker from Bates I wonder if anything was said here last year at all, because it seems to me that no ground whatsoever could have been covered.

The whole debate, Sir, has been summed up for me by a remark of the first speaker from Bates. He said that it looks very likely as if the conqueror were to pay the costs of defeat and as if the conquered were to reap the fruits of victory. That, Sir, is exactly what is happening and that is exactly the reason why modern warfare is so completely absurd. That is one of the best arguments for the League of Nations that I have ever heard advanced. You cannot have the fruits of victory now if you win the victory, and therefore why go to war at all?

Now, Sir, there are one or two small points in the speech of my honorable friend who has just sat down that I should like to deal with before I go on with the main body of what I have to say. He said that Great Britain

was afraid that the occupation of the Ruhr was going to have an adverse effect upon our trade. Far from it! Great Britain has experienced a great deal of profit out of the Ruhr occupation because it has brought some increase to our coal trade, the German mines being of no further use.

He said also, Sir, that he wanted me to say why the "freshman" nations of Europe have not lined up on the side of Germany. Well, Sir, French influence has been predominant among those "freshman" nations ever since their creation. France has dominated those countries ever since they were created out of the last of the Austro-Hungarian Empire. French capital and enterprise has been brought in there ever since those countries were created. I think, Sir, that states a sufficient answer to the question asked by my friend of the Bates team as to why those countries have lined up on the side of France rather than on the side of Germany.

Then, Sir, he made a very strong point on the statement that Germany, as a warlike nation, is a menace to France. He said, I think, that Germany has an army of one hundred and twenty thousand men. Well, Sir, France has an army of seven hundred thousand men and active conscription every single year, and that, Sir, is my answer to the statement that Germany is this mailed fist, this secret menace to the French nation! The contention that Germany is in a position, or is likely to be in a position, to pour her troops out into France and ruin her is absolutely ridiculous.

And then, Sir, comes the most extraordinary argument of all from the other side. My honorable friend drew a very pretty picture of German prosperity, German enterprise, German aggressiveness, and he tried to convince you that France does not stand a chance in commercial competition with her. Well, sir, that is what Germany is by the very nature of her being, and, again, that is the very argument against war which I want to ad-

vance. If Germany cannot exist, by her very nature, without threatening the existence of France, then why is it not of supreme importance that those nations be allied and that some means be found of placing them side by side, rather than this continual cutting of each other's throats whenever either has the chance?

Well, Sir, I do not want to deal with the economic side of the question. That has already been gone into by my colleagues. Where I think the real issue lies tonight is not in this claim for reparations from an economic standpoint. The real issue before this assembly, Sir, lies in the matter of motives and ideals. We have had this question of economics thrashed out, I think, convincingly, but the issue between France and Britain today is the same issue which I have already referred to, the issue of whether the ideal behind the allied nations is the best ideal for the civilized world or not. We think that France is just about her claim for reparations but we say that she is trying to get them by a system which the last war showed to be disastrous to civilization and by a method which the League of Nations, of which France herself is an original member, and of whose covenants she is a signatory, by a method which that League was set up to supersede, and that there are things more worth having than reparations.

Now the first speaker for the Bates team said that he wanted to have us show some other way of obtaining reparations than by occupying the Ruhr, and that if we could not show that, the case must go to his side by default. Well, Sir, I dispute that. I think that reparations are not everything, Sir. I think that there are results of this trying to enforce the payment of the debt which will bring far greater misery to the world and much more expense in lives and unhapiness and suffering, than the total loss of the millions of dollars, or pounds, which France is hoping to get by her occupation of the Ruhr.

There are two points on which I wish to condemn the

French policy. The first is that the French occupation of the Ruhr is fundamentally opposed to the principle of co-operation which is represented by the League of Nations. The second, Sir, is the results which are bound to come out of this policy which France has been pursuing. When the Prussian military dictatorship crumbled into ruins the German nation was left without a guide, for the moment dazed, but faced with the prospect of a worse tyranny, the rule of anarchy, the autocracy of the mob. Well, the compelling demand of its firesides, the necessity of preserving its homes, turned the attention of Germany inward toward the solution of her own internal affairs, and while the other nations were seeking a new order in the international sphere, Germany, throwing over her old ideals, as it seems now even more whole-heartedly than her neighbors, was seeking a new life within her own borders. There is in that country a great, new, youthful spirit of enormous power for good arising from the ruins of the empire and when my honorable friend refers to this devilish Germany lurking behind its borders, waiting for a chance to destroy her neighbor, I do not believe he has been there, because if he had he would find—and those of this assembly who have been there can bear me out—that that is a terrible misconception of the spirit in Germany today, for in Germany there has been the most wonderful reaction against the old Prussian idea. I went to Germany recently for the first time since the war, and I went there very much prejudiced, expecting to see a people planning for revenge. I came out of that country, Sir, full of hope, thinking that there at least some good had come out of the war, because there is an extraordinary spirit of seeking for new things, for new ideals and a determination to make those ideals come true, which you will not find in any other country today.

Well, Sir, what is this new generation in Germany finding as the spirit of those nations which blazoned on their banners that they were fighting to make the world a

better place and civilization really democratic, that they were crusading to deliver democracy, the people of Germany as well as themselves, from the tyranny of a militaristic autocracy? They are finding that those nations were only paying lip service, that France is taking the very same position which we all condemned Prussia for holding in 1914, when she invades this defenseless country's territory with her troops and her machine guns, because she says she wants reparations. And I do not care how just their claims for reparation may be, you cannot expect the Ruhr, that greatest industrial area of a great nation, to be taken away from her, for even a just claim; you cannot expect that nation to be reduced to unconditional surrender to the terms of her conqueror, without there growing up in that nation a spirit of the bitterest hatred, a desire for revenge. And that is what we have to look forward to as the sure result of the present policy. That Germany which we hoped would emerge victorious over itself with new ideals, new life, and new purposes, and which might still do so under a more far-sighted policy, is being disillusioned, faced with the authority of the mailed fist by her conquerors.

That, Sir, is the chief reason why we cannot support the Ruhr policy, because it has already awakened in the German nation that very spirit for revenge which dominated the French policy from the year 1871 up to the present date. That, Sir, is what this present generation, to say nothing of future generations, in Europe and America has got to look forward to.

My honorable friend said that France has taken a mortgage on Germany and I submit that France has done more than that. She has taken a mortgage on the future generations of Europe, on the peace of the world, and Heaven knows, Sir, whether we are going to be able to pay it off before the inevitable foreclosure of war and ruin!

Well, Sir, that is more or less all that I have to say

against the French policy in the Ruhr. I know that there are other points which might have been dealt with in more detail, but when one has so short a time at one's disposal it seems to me better to offer just those main points of one's conviction than to go wandering off into small details which lose half their force when you cannot expand them to the fullest extent.

There are many ways of obscuring an issue. The American way is to quote facts; the English method is to ignore them. Well, Sir, I leave it to you which is the better, but of this I am sure, this issue of the motive behind the French policy, the results that it is going to have, you cannot alter by talking in hundreds of thousands of pounds or millions of dollars. It is a question, Sir, of whether France has thrown her weight on the side of the new ideal of cooperation by this Ruhr occupation, or whether she has not been actuated by fear—and I admit that she is afraid—the desire for her own security, whether she has not been misled by that into throwing her weight to the old ideals of each one for himself.

I submit, Sir, that altruism is no longer merely a theory in national affairs, it is an absolute necessity! And with that, Sir, I leave the debate.

NEGATIVE REBUTTAL

J. D. Woodruff, New College

Mr. Chairman, and Ladies and Gentlemen: The first of the few concluding observations which I shall venture to offer is a reminder that the onus of proof lies with the Affirmative side. It is not the place of our opponents to tell us that we have no business to open our mouths on this subject unless we are prepared to advance a complete and obviously superior program to the crude and primitive, though certainly energetic, policy of the French.

That is not what we have to do. Nevertheless, we are quite prepared to do it, and I think that it has already been laid before this assembly this evening that the British government proposes a number of quiet, unexciting measures which do not pander in the least degree to any surviving hatreds of the last war, but which are calculated to promote the peace and welfare of the countries of Europe.

The first, is to accept as a fact what the first speaker on the Affirmative side stated, that Germany's present capacity to pay is zero. He was arguing that she brought about that result fraudulently, but your American economists seem to think differently. They think it happened primarily as the result of the pressure of an armed invasion which there was no means of resisting. But whatever the cause, let us not blink that fact any longer, but let us accept it as a fact and therefore cease to try to extract from pockets coins which are not there.

The second measure proposed by Great Britain is a scientific inquiry into the possibilities of payment by Germany in the near future and a settlement on the basis thereof.

The third measure is the retention of the securities taken under the treaty and approved by the Reparations Commission, so that we shall be able to take our due share of Germany's exports for reparations.

A fourth measure is to take up the question of French security on the basis of a joint allied agreement.

And that, I submit, is a sane and constructive program which would bring about results far different from those arrived at under the present French policy.

Now there are a number of important facts which I should like to mention as illustrations of our contention that the case for the Affirmative has not been demonstrated. All that they have done this evening, it seems to me, is to make an appeal to a latent sentiment in the

hearts of people who have not themselves lived in Europe, against Germany. You have been asked all through to assume without proof a degree of cunning and of wickedness combined into a highly successful and desirable proportion on the part of the German people. Now we ask you to believe that such a picture is a travesty of the facts, as they exist in the case. The relevant facts of the matter are that the devastated regions in France are not the main loss, that the principal devastation was in coal and that the mines of great wealth have been expressly set apart as compensation for that, and furthermore, that the Germans are to restore by their own labor all the devastation wrought by the army of the Imperial government in northern France.

I do not want to go into the British trade question. It is true that we have gained for the moment, but so much has been presented in argument of a weak, enfeebled France legitimately going to the Ruhr to protect itself that I must say one or two things in opposition to that. If it is true, then so small a matter as occupying the Ruhr and taking some coal mines will not save the unfortunate French, and I want to remind you that the spirit of self protection is not the only spirit in France. We find also a militaristic spirit, far reaching in its possibilities.

A certain French general who is General Foch's right-hand man, said at Strassburg in July, "Now that it has been proven that the negro soldier can be used in war, you must consider France as a nation not of thirty million but of one hundred million people."

And lastly, I wish to repudiate the suggestion of imbecility on the part of all the higher allied direction of the war and the peace terms, which is involved in the assumption that underneath the surface Germany is going quietly along in this way you are asked to believe. It has not been proven, it could not be proven because it is not a fact.

Now I ask you to remember that there is a certain responsibility placed upon you in deciding a debate such as this by a vote of the audience, where judgment is left to public opinion. We have been debating a great international question of the highest importance and I therefore say to you as I sit down that I hope you will not think this vote which is to be taken is unimportant. Remember that might is not always right and it is my duty and your duty to each other and to the world to see that the peace of the world is not lost forever in a forest of bayonets shutting off the sun.

AFFIRMATIVE REBUTTAL

W. E. Young, Bates

Ladies and Gentlemen: Anything that we may say in defence of France in this closing six minutes we may justify at the very outset on two grounds; first, France was America's Ally in the war, and second France was Great Britain's Ally in the war. It was France who bore the first brunt of assault, it was France's territory which was invaded and ruined, it was France who sustained the heaviest damage.

The first speaker for the Negative was sure that the great issue of this debate was the legal side; but after the second Bates speaker had concluded a legal analysis on that basis, the following speaker for the Negative said that he was convinced that the legal side was not so important, and that the economic side was the real issue. And after we had discussed the economic aspects, the third speaker from Oxford was convinced that they were not so important after all as some other things. He thought that the point of motives and ideals was the more important. You will remember that they have all made these statements.

Very well, let us examine the point of motives and ideals. My friend from Oxford has said that there are some things more important, more precious, than reparations; and with that statement we, as American people, are in hearty accord. But let us consider what Great Britain did and what we did when we thought that reparations were important. Great Britain may think that there are things more vital than the destruction of the German navy, but Great Britain demanded that the German navy be destroyed. Great Britain probably thinks France pays too much attention now to the German empire but she herself insisted at the close of the war that it be reduced to a mere continental state. Great Britain insisted on those things, and America did also, pursuing her policy of "America First." And in that same spirit we are saying to Europe: "You must pay us every cent you owe." We want France to pay; we are demanding that England make payment of the last cent which we lent her, which money was expended in a common cause. It is a selfish policy, you may say, this policy of reparation and collection of debts which we are all pursuing; but France is demanding merely restitution, restoration of the damaged French territory. It was invaded France that stemmed the first tide of German invasion. While Great Britain and America can complacently say after we have achieved our own economic and political aims, that there are things more important than reparations, France is still in danger, still faces economic ruin, she must have adequate reparation for the regions which German wantonness destroyed.

The first speaker of the Bates team called attention to the wilful destruction by Germany of French territory in a deliberate attempt to ruin her economically. It is true that of all the possible courses open, only occupation of the Ruhr was feasible for France. She went into the Ruhr to get reparation, just as British troops went into the Ruhr only two years previously.

The second Bates speaker showed that the occupation would have desirable economic effects, and that Germany is ultimately able to pay. We may talk of German bankruptcy, but all experts agree—British, American and French—that the real status of a country must be judged by its industrial and agricultural resources. They all agree that those of Germany have been left intact. France's action has already resulted in German surrender. When our Oxford friends tell of the French policy being an admitted failure, they cannot have read of recent events which show that the French policy has succeeded that Germany has been brought to terms, and has capitulated. The occupation of the Ruhr will not bring about disastrous results. The economic evils in Germany were due to the policy which the German government persisted in before the French went into the Ruhr. Finally, the occupation does not jeopardize British financial supremacy. The third speaker for the Negative admitted that British economic superiority has not been endangered. In fact, he told you that it has been a boom to British trade circles.

Now our third speech showed that the occupation would have desirable political results. We pointed out the danger of the German menace, and showed the remedy; although our opponents have said that that view is all humbug, and have talked of the French mailed fist, nevertheless we found in British magazines, in writings by British experts and in opinions of British statesmen, that Germany still has the potential organization to wage successful warfare.

But the Bates argument would not be complete should we fail to add our most convincing point this evening; namely, that we appreciate more than words can tell the opportunity of debating with the representatives of the most venerable university in the world. We hope that this debate has had as one of its results the bringing together into closer union of Anglo-Saxon friendship

not only the members of these two universities, but also the people of the two great English speaking nations. We hope that discussions and meetings and gatherings of this sort will bring to these nations an Anglo-Saxon friendship which will mean far more than any political alliance Europe and the whole world have ever known.

The ballots having been collected and counted the presiding officer announced the result as follows:—

For the Affirmative—1135 votes.

For the Negative —178 votes.

REPRINTS

REPARATIONS—EVENTS IN RUHR AND RHINELAND[1]

The course of events in the Ruhr and the Rhineland from about the middle of October to about the middle of November, will be best understood by grouping the events themselves under three main heads, viz.; (1) The general economic situation, including the negotiations between the French and Belgian authorities of occupation and the German industrialists, mine operators and labor unions for the resumption of mining and other industries; (2) the question of reparations and the various proposals for dealing with it; and (3) the movement for the establishment of a separate Rhineland state. Each of the general subjects overlaps the other two, and the events connected with each of them have been more or less affected by the general political and economic disorders in Germany; the Rhineland separatist movement in particular being, apparently, closely related to the political opposition to the government of the Reich in Bavaria. To a greater extent, however, than at any time since the occupation of the Ruhr by Belgium and France, contradictory reports of what was taking place have appeared in what are generally to be regarded as reliable dispatches, negotiations have been prolonged or interrupted or left hanging without definitive result, and the general as well as particular policy of France, Belgium, Great Britain and the United States, as well as of Germany itself, has been brought sharply into controversy.

[1] By William MacDonald, Current History Magazine, New York Times. December, 1923. p. 360-6.

The Economic Situation

A crisis in the unemployment situation in the Ruhr was foreshadowed by the announcement on October 12 that the payments which the German government had been making to workers who remained idle would be doubled until October 17, then reduced by one-half to November 1, further reduced by one-half on November 17, and shortly after the latter date discontinued. The announcement did not check, but apparently served to increase, the disorders, due to food shortage, unemployment and the currency crisis, which had become general throughout the Ruhr, and serious outbreaks, accompanied in some instances with the plundering of shops, shortly took place at Cologne, Solingen, Hoechst, Düsseldorf and other places. At Düsseldorf on October 13, some fifty shops were pillaged.

Agreements, however, were reached on October 12 between the miners' unions and the French authorities of occupation for the resumption of work at the Dorstfield and Bergfeld mines. The agreements, which it was announced would serve as models for similar agreements elsewhere, provided, among other things, for the return of all mine officials and workers who had been expelled, the recognition of the German labor laws, including those relating to compensation and insurance, and the withdrawal from the mines of French sentries and other signs of military occupation. On the other hand, the agreement with the Otto Wolff mining group, the signing of which on October 8 was reported in the November issue of this magazine, was reopened shortly after that date by the German representatives, and at the time when these pages went to press had not been completed.

A formal demand by the French for the restoration of the Ruhr and Rhineland railways, including rolling stock, at the expense of the Reich, to the condition in which they were on January 10, was made on October

19. On the same day an Economic Council, composed of twelve German and five French members, was set up at Düsseldorf with executive control over all economic affairs of the city, and on October 24, a similar council for the Rhineland was established at Cologne with the approval of the British authorities. The issuance of special paper money for the Ruhr in the form of transportation bonds, to be received by the railways as the sole payment for services, was decided upon, the first issue actually taking place at the beginning of November.

Negotiations between the French and Belgian authorities and the mine owners and industrialists were several times interrupted by conferences between Herr Stinnes and other leaders and the government at Berlin. On October 25, some of the Directors of the Krupp Works who had been in prison were released on parole, which was later continued, and in conference with industrial and political representatives at Hagen, Chancellor Stresemann promised such financial aid to the Ruhr industries as the Reich could afford. No more deliveries to the Allies, however, the Chancellor declared, would be made, "because the occupation of the Ruhr is inadmissable." A Belgian official statement on October 27 announced that agreements to resume work had been signed by eighteen mine operators, representing twenty-five mine groups and eight factories; and the re-employment of large numbers of men by the Krupp Works at Essen, following the receipt of large orders for locomotives from the railway authorities of occupation, was presently reported.

The terms of a general agreement (made public on November 4), which it was expected would shortly be signed, provided for the payment by the mine operators of the arrears of the coal tax and of a tax on coal mined in the future, the resumption of deliveries of coal and coke under the original reparations schedule, the right of the authorities of occupation to demand coal for the

French military railways up to 15 per cent of the total quantity mined, and the delivery upon requisition, "without any consideration of payment," of such coal as should be called for by the French and Belgian services. The next day, however, an unexpected rift appeared among the industrial leaders. A satisfactory outcome of the negotiations, it was stated, depended upon the willingness of the labor unions to concede a ten-hour day instead of eight hours for factories and work above ground in the mines, and an eight and one-half hour day instead of seven hours for underground work; the alternative, it was predicted, being a shut-down of all work in the Ruhr and an increase in the number of unemployed to seven or eight hundred thousand. Notice that all the plants of August Thyssen, including the steel works at Mülheim and Hamborn, would be closed on November 10 was posted on the 5th and although negotiations with Herr Stinnes and other industrialists continued, no general agreement had been reached when this issue of the magazine was printed. It was reported on November 9 that the Krupps, nothwithstanding an agreement with the French, were dismissing various classes of workers and intended soon to lay off all unmarried men.

Outbreaks of disorder continued notwithstanding the efforts to set industry going, one of the most serious being an attack upon the Krupp Works at Essen and the occupation of a part of the works on October 26. Two days later disturbances were general throughout the Ruhr. A brief period of calm was broken on November 8, when riots and unemployment demonstrations broke out at Gelsenkirchen, Recklinghausen, Kray and Bochum and extended to Elberfeld and Barmen, just outside the occupied area. The food crisis was rendered acute by the virtual repudiation of the paper mark by the agricultural and business classes, and the refusal of the farmers to sell produce except for foreign currency. The open encouragement by the French of the substitution

of the franc for the mark led to the establishment in many towns of the so-called "scoundrels' bourse," where unprincipled trading in exchange and even in counterfeit money was carried on. At Bochum, on November 8, some two hundred arrests were made by the German police in a raid on the bourse, and considerable quantities of counterfeit currency were seized.

The Belgian government, on October 13, invited the French, British and Italian governments to refer to the Reparation Commission the Belgian plan of reparations which had been submitted to the Allied governments on June 6, but in regard to which no action had been taken. The plan, as set forth in an official summary prepared for the New York Times, did not undertake to fix the total amount of reparations to be demanded, but confined itself to an elaborate technical study of the three principal sources, viz., railway revenue, revenue from monopolies and the sale of certain commodities, and coal deliveries, from which annual payments, it was believed, could be made without detriment to the financial and economic recovery of Germany. Allowing a certain period for the adjustment of the German budget and the monetary system, the report estimated that an annual revenue of approximately 3,000,000,000 gold marks should be derived from the three sources named. The German government, in a reply prepared for the Reparation Commission, protested that the plan was a tax on consumption which would throw the burden of reparations on the whole population instead of upon the real holders of the nation's wealth, insisted that monopolies and coal deliveries could not both be turned over, and refused to accept allied control of the railways, although willing to pay rent for the railways if those of the Ruhr and the Rhineland were restored to German control. Pressure of economic and financial troubles in Belgium led to a renewal of the invitation on October 19, but no formal action beyond a reference of the matter to a

finance committee of the commission had been taken when this account was printed.

The German government, on October 16, renewed its request for the cooperation of France, Belgium and Germany in the restoration of industrial operations in the Ruhr, and declared its inability to reorganize and stabilize its finances while continuing the payment of paper marks for material furnished by the Ruhr to the Allies. Notice was at the same time given of the abolition of the coal tax of 4 per cent on production, or double the tax on reparations account, which the French had apparently hoped to collect. The request for cooperation was promptly rejected by M. Poincaré. By October 18 railway employees in the Ruhr were reported to be returning to work in large numbers under French direction, but Herr Stinnes, speaking for the industrialist, informed the Franco-Belgian Control Commission that it would be impossible to pay the 20 per cent coal tax on reparations account so long as the government refused to indemnify the mine operators, since to do so would be equivalent to merely giving away the coal. The next day the Reparation Commission, at the request of M. Poincaré, approved demands of Belgium and Italy for the immediate delivery of various commodities on reparations account.

American Cooperation

In a speech at London on October 23 General Smuts, Premier of South Africa, urged that Great Britain support Germany against France in the Ruhr controversy, accused France of violating the Treaty of Versailles and called upon the empire to assert its "authoritative voice in the affairs of Europe." On the same day the American Ambassador, Mr. Harvey, in a farewell speech at London, declared that the United States was "ready to

promote any scheme for the economic rehabilitation of Europe" and to "join in any conference which will promote the recuperation and stability of the world." The next day the German government, in a note to the Reparation Commission, stated that Germany was willing in principle to resume deliveries in kind, but that it was unable, because of the occupation of the Ruhr and the resulting change in the resources and capacity of the country, to finance such deliveries; and it accordingly requested the commission to investigate its capacity to pay, as provided for by the Treaty of Versailles.

The publication at Washington on October 25 of a dispatch of Lord Curzon, dated October 12, and of an aide-mémoire of Secretary of State Hughes, dated October 15, sent in reply, promised to bring to a head the question of the participation of the United States in a reparations settlement. Pointing out that "there does not appear to be among the European powers that unity of thought which either renders common action feasible or will be successful in finding an early solution." Lord Curzon stated that it had long been the opinion of the British government "that the cooperation of the United States government is an essential condition of any real advance toward a settlement," partly because of American disinterestedness, and partly because of the solution of the problem "involved the question of the interallied debt." Referring to Mr. Hughes' statement of last December, and to the reported statement of President Coolidge on October 11 reaffirming the position then taken, the hope was expressed that "if the European powers will join in such an inquiry America will render the promised cooperation." If such were the case, the British government was ready to invite the Allies to join in an invitation to the United States to participate in an inquiry by deputing an official or unofficial delegate.

Mr. Hughes in his reply, the full text of which is published at the end of this article, stated that the United

States is "entirely willing to take part in an economic conference in which all the European Allies chiefly concerned in German reparations participate, for the purpose of considering the questions of the capacity of Germany to make reparation payments and an appropriate financial plan for securing such payments." The reply made clear, however, that the United States "has no desire to see Germany relieved of her responsibility for the war or of her just obligations," that the conference should be advisory only, that the question of the interallied debts, in view of the action of Congress and the state of American public opinion, could not be merged with the question of reparations, and that the government must reserve its decision as to the course to be taken in case of a lack of unanimity on the part of the European powers.

Upon the receipt of Mr. Hughes's reply the British government proposed to the French, Belgian and Italian governments an inquiry by a committee of experts to be appointed by the Reparation Commission. The proposal was accepted "in principle," and a proposed form of invitation to the United States, intended to secure the designation of American representatives of high financial standing, was submitted by Great Britain. The Belgian and Italian governments approved the form of invitation with unimportant verbal changes, but the French government suggested a limitation of the inquiry to the "present capacity" of Germany to pay. The French position, including a refusal to permit the committee of experts to propose any reduction of the total French claim to reparations, and excluding from discussion the question of the occupation of the Ruhr, was embodied in instructions communicated on November 3 to the French Ambassadors at London and Washington.

In the diplomatic conversations which went on for several days at Washington between Mr. Hughes and the French Ambassador, it developed that France, though

willing to accept an inquiry into the economic resources of the Ruhr, insisted that not only the legality of the French occupation, but also the collection of taxes in the Ruhr, the seizure of "productive guarantees," and the agreements made with industrialists and workers, were barred from consideration, and that the inquiry by experts should not go further than the year 1930. In an elaborate statement prepared by M. Poincaré and made public on November 9, it was pointed out that the Treaty of Versailles apparently contemplates that "the valuation of capacity for payment must be made frequently by the Reparation Commission for short periods without considering the future;" that a postponement beyond 1930 of payments maturing between May 1, 1921, and the end of 1926, "demands unanimity by the members of the commission," and that the remission of any reparations adjudged to be due requires the special authorization of the respective governments, such authorization in the case of France necessitating the action of Parliament. Strong exception was also taken in France to the exclusion by the United States of the interallied debts.

Throughout the discussion of the proposed inquiry the Belgian government exerted itself to harmonize the conflicting views of Great Britain and France. The French reservations, however, were considered unsatisfactory by the American government, and on November 9, it was announced from Washington that the United States would not sanction such an inquiry under the limitations laid down by France. On the eve of the meeting of the French Parliament, which had been called for November 13, the French press was practically unanimous in regarding the proposed inquiry as useless.

On November 10 it was reported from Paris that Premier Poincaré had decided to propose the creation of a committee of experts for the purpose of investigating the question of German reparations, and to be

composed of delegates from the powers officially represented on the Reparation Commission.

The Rhineland Separatist Movement

The movement for the establishment of a separate Rhineland state came suddenly to a head on October 21 with the proclamation at Aix-la-Chapelle of a Rhineland Republic and the occupation of the city by armed Separatist or Republican forces. Though it was later asserted that the action taken prematurely and without the sanction of Dr. Dorten, Herr Mathes or other leaders of the Separatist agitation, the rapid spread of the occupation to other centers seemed to indicate that the plans which for some months had been talked of, and the general execution of which had been reported on October 13 to be imminent, were at last being carried out. On the day following the seizure of Aix-la-Chapelle a number of towns, among them Crefeld, Jülich, Montjoie, Cleve, Düren, München-Gladbach and Russelsheim were attacked or occupied, but attempts at Mayence, Cologne, Trier and Coblenz encountered resistance. Düren, in the Belgian zone of occupation, became the provisional capital, and the Executive Committee of the Free Rhineland Party established its headquarters there.

On October 23 Wiesbaden passed under the control of Dr. Dorten with the apparent approval of the French authorities, and M. Tirard, the French representative on the Interallied Rhineland High Commission, was reported to have promised a de facto recognition of the new republic "in all places where public services were in Separatist hands." Open fighting, however, went on at Aix-la-Chapelle, where the Communists and Nationalists succeeded in overthrowing the Separatist rule; Coblenz was taken and lost, the Separatist forces were ousted from Jülich and the trade unions at Düsseldorf declared

their opposition. On the other hand, the occupation of Crefeld was completed on October 24 after a thirty-four-hour struggle, and Rudesheim, Gelsenkirchen, Duisburg and Mülheim passed into Separatist hands. The next day the Separatists were forced out of the Rathaus at Bonn, which they had occupied, but returned later under French protection. A republic was proclaimed at Coblenz. The proclamation of an autonomous government in the Palatinate, although obviously connected with the political controversy between Bavaria and the Reich, an account of which appears elsewhere in this issue, was also a part of the general Separatist movement.

The attitude of the Belgian and French governments toward the movement was not clear. In a speech at Hagen on October 26 Chancellor Stresemann denounced the tacit recognition of the Separatists by the French and Belgian forces as a violation of solemn treaty promises, and Associated Press dispatches charged the French with "open and active" support of the enterprise. A correspondent of The London Times at Crefeld declared that gangs of armed men with criminal records had been hired by the Separatists to carry through the operations, and similar charges were repeated regarding Separatist proceedings in other parts of the affected area. Though the Separatist forces were widely subjected to guerrilla attacks, the disorders were greatest in the Belgian zone, where the occupation of Duisburg and Ruhrort, completed on October 26 after five days' fighting, was finally achieved with the aid of Belgian troops.

The Provisional government at Coblenz, on October 27, set up a Ministry and announced a plan for the creation of a Rhineland currency, and on October 29 the Rhineland Republic issued a "greeting to the world," in which it declared itself "ready to pay its share of reparations." Meanwhile the organization of protest and resistance continued. On October 27 fourteen organizations at Aix-la-Chapelle, including political and religious

bodies and the Chamber of Commerce, addressed a formal protest to the League of Nations, and asked permission through the Interallied Rhineland High Commission to use force, declaring that the police could soon expel the Separatists if allowed to have arms. The Belgian authorities of occupation, it was asserted, had disarmed the police and supported the Separatists. The British authorities of occupation at Cologne refused from the beginning to countenance the movement, and on October 30 the British Ambassadors at Brussels and Paris were instructed to inform the Belgian and French governments that the legality of the provisional governments under Dr. Dorten and Herr Mathes within the occupied territory was not recognized, and that any Separatist risings in the British zone would be opposed. A Rhineland Republic, it was pointed out, was contrary to the Treaty of Versailles. M. Poincaré, replying on November 2 to the British note, declared that the treaty was not involved, the internal political affairs of Germany not being a concern of the Allies, and he later disclaimed any responsibility on the part of the French government for the Separatist activities.

Before the end of October the general spread of the movement appeared to have been checked, although a number of towns remained in Separatist hands and a few new occupations were reported. At Aix-la-Chapelle, where the fighting had resulted in considerable loss of property and much injury to public buildings and art treasures, a policy of passive resistance was adopted, while forcible resistance developed among the peasants in the neighborhood of Mayence. On October 31 the abandonment of Jülich, Neuss, Stolberg, Eschweiler and München-Gladbach was reported. On the same day the French representative on the Interallied Rhineland High Commission was quoted as having advised the burgomasters that the Rhineland Republic had not been officially recognized anywhere, and that requisitions were

forbidden save under proper authorization. On November 2 the Separatists, who had re-entered Aix-la-Chapelle, were forcibly expelled by Belgian troops following a demand of the British and Dutch Consuls on behalf of their governments, declaring that the lives of British and Dutch subjects were endangered. The action of the Belgian authorities, which seems not to have been entirely in accord with a section of Belgian public opinion, was made the subject of an inquiry by the French government, but on November 7 the conduct of M. Rolin Jacquemyn, the Belgian member of the Interallied Rhineland High Commission, in ordering the dispersal of armed bands of Separatist mercenaries in the Belgian zone, was unanimously approved by the Belgian Cabinet.

At Coblenz, Herr Mathes, after protesting to the Belgian High Commissioner against the disarming of his men and declaring that Aix-la-Chapelle would be reoccupied, threatened retaliation against the British for imprisoning a Separatist at Cologne and holding others for trial on the charge of illegal possession of arms. It was reported on November 6 that the Separatists had completed the evacuation of the Cologne area, and that in the Bonn area large numbers of Separatists had been disarmed by the French. At the time when this issue of the magazine was printed, however, no clear attempt by either the French or the Belgian authorities of occupation to suppress the movement as a whole or prevent its extension had apparently been made.

POINCARÉ'S REPLY TO GREAT BRITAIN'S CHALLENGE [1]

We have occupied the Ruhr because during the last three years Germany has fulfilled none of her obligations. We have occupied it because the Reparation Commis-

[1] Excerpts from letter accompanying Premier Poincaré's reply, on behalf of the French government, to the British note of August 1.

sion, in declaring the failure of Germany, has given us the express right to act. It is clear that if we had had, as is insinuated, political or military intentions we would not have occupied the Ruhr. We would in that case have occupied the valley of the Main, because this valley, which separates Bavaria from Prussia, cuts Germany in two. We did not do that because we wished to occupy territories without an *arrière pensée,* because we had no other intention than to seize pledges and exercise pressure on recalcitrant Germany. The Ruhr basin is the principal economic center of Germany. Today we occupy this region, which is so dense and active, peopled by six million inhabitants, with an army of fifty thousand men. But we were disposed to put in movement a much smaller force of effectives. We did not desire, anyway, to undertake a military operation. Our troops went into the Ruhr only to protect our engineers, our customs officers, our forest officers. It was not with the military that the Germans had to deal at first. It was these engineers and customs officers who addressed them and proposed to them at the very beginning the following régime: Nothing should be changed in the normal life or economic activity of the country; a commission of allied engineers should simply control the operations of the coal syndicate with a view to assuring the regular deliveries of the quantities of coal and coke due from Germany; the same commission should control the industrial production of the Ruhr factories, supervise the collection of the coal tax, of which all or part should have been handed to the Reparation Commission; the customs men should assure, in cooperation with the German customs agents, the collection of certain taxes of which the product should also go to pay reparations; lastly, the Forestry Commission should control the exploitation of state forests by German foresters, so as to assure the delivery of timber in accordance with the treaty. In a word, it was an amiable arrangement for

pacific collaboration which we sincerely offered Germany on entering the Ruhr.

Resistance Directed from Berlin

But contrary to Paragraph 18, Annex 2, the government of the Reich pretended to consider the occupation of the Ruhr as an act of hostility. It used this pretext, which is a negation of the treaty, to get out of its best established obligations. It stopped all deliveries of coal and coke, and began to treat the French and Belgians like veritable enemies. It has used against us resistance which it calls passive, but which has been active and violent. . .

It was certainly legitimate that in the presence of such facts the government of the Republic considered that the cessation of passive resistance was a prior condition to any new conversation with the government of the Reich. Not only is passive resistance contrary to the peace treaty, but contrary to the evident interest of Germany, whom it costs more dearly than the performance of her obligations. The present situation, all in all, has profited only the rivals of the Ruhr industrials —the sellers of coal and metal products. The French government hopes it will end. But as indicated to the British government in its communications of June 10 and 12, once passive resistance is ended, the Ruhr occupation will be modified. . . We repeat once more that we have no desire to remain in the Ruhr longer than necessary, and that we have no political aims, nor annexation intents. We know perfectly well that Germany can pay quickly enough what she owes us, and that consequently she is mistress of obtaining progressive evacuation. The time in which the payments asked will be made depends on the will of Germany. Suffice it to see the rapidity with which Austria, when she wished, saw

that the necessary effort was made. In spite of her faults, her geographic and economic situation, she recovered her faculty of production and her credit. Thus it is seen what a country as powerfully equipped as Germany can accomplish when she wishes to. In any case France will not change her position on this point. To ask her to do otherwise would be to give Germany a victory, and then one could recall the word pronounced by Mr. Lloyd George in the Supreme Council, March 3, 1921: "It would be the conquerors who would pay the cost of defeat and the conquered who would reap the fruits of victory.". .

France certainly does not intend to ruin Germany. On the contrary, it is to her interest that her debtor should reach a state of better fortune, and she knows right well that the collapse of a great nation like Germany would have grave repercussions all over Europe. But the collapse of France would no less have repercussions. It would be as deplorable and would be more unjust. To avoid the ruin of Germany one must not, at the expense of France, and, very soon, at the expense of the other Allies, provide her with means too easy and too sudden of a restoration which would have, as a result, that industrial and commercial hegemony which she vainly strove for on the battlefields. Let us by all means study means for the conciliation and the restoration of Germany and for the payment of reparations. We are quite ready to do this on the very day resistance will have ceased. But do not let reparations be sacrificed to the re-establishment of a source of economic riches which but momentarily is at ebb. In reality, when Germany demands definite evaluation of her capacity of payment and when England herself proposes it, the idea is to reach by a roundabout road a reduction of the debt. But this reduction, if it is judged to be indispensable, can be made tomorrow up to the full measure to which the interallied debts are reduced, and if a joint settle-

ment is undertaken France is quite disposed to facilitate it by correlative abandonment of her own claims on certain Allies. There is no need to upset the treaty nor destroy entirely the status of payments. That which France cannot accept is that the reduction of the German debt be made at the cost of reparations. There is besides no reason to entrust this settlement to any other organization than the Reparation Commission. It has always given proof of loyalty, competence and the spirit of justice.

LORD CURZON'S PROPOSAL

The information which reaches America will have acquainted the American government with the extremely critical economic position that has arisen in Europe owing to failure to find any solution for the reparation problem, which daily becomes more acute as the financial and political condition of Germany grows worse.

There does not appear to be among the European powers that unity of thought which either renders common action feasible or will be successful in finding an early solution. His Majesty's government have during the past nine months made a series of proposals to their Allies for meeting these difficulties, none of which has been so fortunate as to meet with a measure of acceptance sufficient to bring about common action. And yet without such action, not merely Germany, but Europe, appears to be drifting into economic disaster.

In these circumstances His Majesty's government have for long entertained the belief that the cooperation of the United States government is an essential condition of any real advance toward a settlement. America, by reason of her position and history, is more disinterested

[1] Text of the dispatch from Lord Curzon, the Foreign Secretary, to the British Charge d'Affaires at Washington, cabled October 12, making proposals to the United States government in regards to reparations.

than any of the European powers; at the same time she is directly and vitally concerned with the solution of the European problem, if for no other reason, because in it is involved the question of the interallied debt.

When Mr. Hughes made his declaration in December last both Great Britain and Germany made it clear that they would warmly welcome the proffered assistance. And whenever the suggestion has been revived it has met with the hearty approval of His Majesty's government.

The French government hitherto has taken a different view. This lack of unanimity is, so far as His Majesty's government are aware, the sole reason why the proposal has not been proceeded with.

His Majesty's government were already engaged in formulating an inquiry to the United States as to the manner in which, in the opinion of the latter, united action, which is the common desideratum, could best be brought about, when they read in the press yesterday morning a declaration reported to have been made by President Coolidge that the American government would rest on their proposal of December last.

The government warmly welcome this declaration and hope that they are justified in deducing from it that if the European powers will join in such an inquiry America will render the promised cooperation. If the government have rightly interpreted the President's statement and if they may count upon an encouraging reception being given to such a proceeding, they will not hesitate to invite the immediate cooperation of their allies in Europe in an invitation to the United States government to assist in the proposed inquiry by deputing a delegate, whether official or otherwise.

If on the other hand, it were proposed to hold such an inquiry, although complete unanimity had not been forthcoming at this end, might his Majesty's government and the majority of the Allies still hope for American cooperation?

Alternatively, if it were proposed that such an inquiry should be entrusted to the Reparation Commission or to a body appointed by it, would America be willing to participate?

It is in the firm belief that the American government have it in their power to render great services to the security and peace of the world that his Majesty's government, speaking in the name of the whole British Empire, as represented in the Imperial Conference now assembled in London, desire to associate themselves with the renewed proposal of the President, and they will be glad to receive from the American government any suggestion that the latter may be disposed to offer in reply to the questions I have ventured to put.

AMERICA'S INTERVENTION [1]

The Ambassador then said that the national American foreign policy was to have no foreign policy. He discussed the Monroe Doctrine, which he incidentally declared was of "American origin exclusively and absolutely and continues to this day a purely American principle." The living part of the Doctrine, he said, was "no interposition by Europe in the political affairs of the American Republics; no participation by the United States in the political broils of Europe." The Ambassador went on:

"Does this involve or imply a selfish aloofness from the trials and tribulations of the world or unwillingness to help our friends? Not at all. Your own philosopher-poet expressed to perfection American aspiration when he wrote with that touch of genius which only Kipling now retains: 'Help me to need no aid from men that I may help such men as need.' More prosaically but with no less sententious accuracy our Secretary of State,

[1] From a farewell speech by George Harvey, who recently resigned his post as American Ambassador to England, given at a dinner of the Pilgrims in London, October 23, 1923. Reprinted from New York Times, October 24, 1923.

Mr. Hughes, only the other day epitomized the same idea in even fewer words: 'Not isolation but independence is the cardinal principle of the Republic.' "

Mr. Harvey then quoted the recent declaration of President Coolidge concerning the practical idealism of the American people and continued:

"Combine these three utterances, theory by Kipling, principle by Hughes and application by Coolidge, and you have the Monroe Doctrine, American principle—unchanged and unchangeable by any President, any Congress or any court for the simple reason that it is implanted in the will of the American people, who alone in the United States possess sovereign powers.

"Is it a harsh Doctrine? Is it narrow? Is it ungenerous? Is it mean? As one weighs in the balance the considerations which seem to be actuating European powers, our positions in a relative sense, at any rate, could hardly be pronounced indefensible. But ignore all that. Wholly disregard the irrefutable fact that billions of our money borrowed by our government and then loaned by our government are still being used to maintain greater armies than ever before existed for purposes surely of no concern to us. What then? Have we not at least tried to help win the peace, as a rather absurd popular phrase runs, as once upon a time we tried to help win the war? I think so.

"Consider. A year ago it was apparently the universal opinion in Europe that the crux of the settlement lay in the determination of the amount of reparations that Germany could really pay, but that sum could not be fixed because of the contentions of the interested parties. Only an unbiased and unconcerned, yet competent, authority could ascertain and certify to the common satisfaction in producible and collectible compensation. The United States filled the bill. The United States was disinterested because the United States had waived

all reparation claims upon Germany for the joint account of the Allies.

"Clearly a moral obligation rested upon the United States to act. Such was the opinion, such the judgment put upon us from all, or nearly all, quarters of the globe, with that result.

"Very reluctantly eleven months ago Secretary Hughes went as far as diplomatic usage permits and without even requiring a formal request from any power to provide American adjudication. If you knew the United States as I know it you would realize that that was a somewhat brave thing to do.

Door Closed on Hughes

"Well, Mr. Hughes did it. He did it publicly. America came to the door of Europe, and, lo and behold, the door was closed. The United States was not wanted. What could the United States do? What could any self-respecting nation have done? The United States went home.

"Conditions on the Continent have changed somewhat during the eleven months that have elapsed, but there is no material difference in the fundamental situation. The need of a financial plan to prevent economic disaster in Europe is obviously no less imperative and it is quite within the range of possibility that the preparation of such a plan has been rendered more feasible by the abandonment of resistance by the German government.

"If so, while Secretary Hughes gave no option in perpetuity and could hardly renew his proffer without seeming to be intrusive, there need be no question of my government's entire willingness to take part in such an economic conference as he originally suggested, if requested to do so by all the Allies chiefly concerned in German reparations. That is to say in a few words

that under President Coolidge as under President Harding the United States stands quite ready to help in any practicable way to promote the recuperation and re-establishment of economic stability throughout the world.

"We are willing to 'come in,' as the saying is, as soon as we are asked, but surely we cannot be expected to smash in the door."

SMUTS ARRAIGNS FRANCE[1]

LONDON, October 23—A conference of the powers mainly interested in the reparation question will be called to attempt to settle the European problem if the suggestion of General Smuts is adopted. Indeed, negotiations for such a conference are already afoot, and the strongest representations will be brought to bear upon the United States to be an active participant.

This statement was made tonight by General Smuts at a dinner of the South African Luncheon Club. Speaking not only as Premier of South Africa and a member of the Imperial Conference, but also as one of the few men left in power who were signatories of the Treaty of Versailles, he made a special appeal "to the great daughter nation in the west," an appeal not so much for material assistance as for moral support in this dark hour, and he expressed the belief "that the New World may once more come in to redress the balance of the Old, as it did one hundred years ago and again six or seven year ago."

Calls Ruhr Occupation Illegal

General Smuts spoke of the policy of France toward the occupation of the Ruhr. Gravely and with carefully measured words he adopted, as Prime Minister of a great Dominion, the attitude of Great Britain that the occupation was illegal and was a violation of the Treaty of Versailles.

[1] From the New York Times. October 24, 1923.

"The greatest issue in international relations not only of Europe, but of the whole world has come to the front," he said. "We are back in August, 1914. It is again the scrap of paper."

Then he went on in a speech which he admitted might be regarded as an indictment of France to argue that the policy of France was not only illegal, but from her own point of view insane, and he declared: "A very grave responsibility rests on France before history."

"Of the great number of public men," he said, "whose names stand under the peace treaty there are only two or three who still survive in power today. For better or worse I am one of them, and the responsibility for what was done at Paris, for the settlement contained in the peace treaty, weighs heavily on my conscience in spite of the fact that I signed it only under protest and under a sense of foreboding of future calamities which have come only too true, and I have, therefore, all the more reason and inducement to express my views on the situation with complete frankness and sincerity."

Quotes South Africa's Experience

General Smuts added that there was another and more important reason why South Africa should speak in the present crisis, and that was her experience in the Boer War and the peace settlement which followed.

"It was not an impossible peace," he said. "The Boers were not treated as moral pariahs and outcasts. Decent human relations were re-established and a spirit of mutual understanding grew up. The human atmosphere improved until in the end simple human fellow-feelings solved the problem which had proved too difficult for statesmanship. South Africa today is perhaps the most outstanding witness in the realm of politics to the value of the policy of give and take, of moderation and generosity, of trust and friendship applied to the affairs of men. What wisdom and moderation could achieve in

Africa they can also achieve in Europe. Let us have faith in the great human principles and values and our faith will not be brought to confusion. Human nature is the same in all continents, and what could be done for the descendants in Africa can surely also be done for the parent peoples in Europe.

"Tonight I am bringing a message from South Africa to the parent peoples of Europe. We are now more than four years from the peace of Versailles, but there has been no peace yet. The war among peoples has been merely transferred to the economic plane, and is today being carried on in a more intensive and destructive manner than during the great war. Four or five years ago we were singing our songs of victory; today we are all marching to certain and inevitable defeat—victor and vanquished alike. The international crisis is growing; the economic and industrial structure of Europe is cracking in all directions; weariness and despair are sapping the morale of peoples; military hysteria is sapping their depleted financial resources; everywhere you see armed men, everywhere gigantic armies, even among the small new states which cannot possibly afford them.

"In spite of the disappearance of the German army, there are now almost a million and a half more men under arms than in August, 1914. The black hordes of Africa have been called in to redress the moral and political balance of this mother continent of civilization. Human principles are everywhere derided and degraded; standards of living for peoples are everywhere sinking to lower levels; famine for large numbers is not far off. Can we continue much longer on this march to destruction, this pilgrimage, this crusade of suicide on which Europe has started?

Menace to General Peace Settlement

"I wish to declare with all the seriousness possible that the situation which has arisen in Europe, partly

under the Peace Treaty, and partly in defiance and breach of the Peace Treaty, is such as was never contemplated or intended by anybody at the Peace Conference. We are confronted with a situation which not only makes the execution of important sections of the Peace Treaty impossible, but which is actually a menace to the general peace settlement come to at Paris, and there looms before us, not the distant possibility, but the near and immediate prospect, of the disasters to which I have just referred.

"What are we to do? Drift will be fatal. Half measures, palliatives, expedients such as politicians resort to when hard pressed, will no longer avail anything. Either a comprehensive settlement now, with some measure of finality about it, or else let the situation drift and develop until it brings about its own horrible Nemesis and shocks and shames the conscience of the whole world into action. And who knows what may then happen? Who can conceive the suffering before it happens? I vote for a gallant attempt now to save Europe from the dangers which threaten; but, whatever we do, let us avoid the process of patching, of temporizing, of playing with that dreadful reality which has already, made possible the slow, steady, fatal deterioration of conditions. All-around faith, courage and real statesmanship are wanted; a thorough overhauling of the position into which we have drifted is wanted; radical reconsideration and, where necessary, revision of existing arrangements are wanted.

Too Big for Reparation Commission

"The time has come for the convocation of a great conference of the powers who are mainly interested in the reparation question, and at this conference the governments of the powers should be directly represented. The situation is much too difficult and threatening to be dealt with by any subordinate authorities. Neither the Reparation Commission nor even the Council of the

League of Nations should be called upon to deal with it. They have not the authority or responsibility which rests on the governments of the powers. It is a business for principals, not for agents. The conference may decide to refer certain inquiries to subordinate bodies, but it must act and decide itself. Decisions of a far-reaching importance will have to be taken. There may even be a parting of the ways, and the history of Europe may never be the same thereafter.

"If the task is to be done, it will be a conference unlike any that has been held in Europe since the Peace Conference. Its importance, therefore, cannot be overestimated. I know that negotiations are afoot to bring about such a conference and shall therefore refrain from saying any more about it, except this: I have no reason to think that any of the powers concerned would decline to come to such conference, but I am clear in my mind that the absence of one or other power should not prevent the rest from meeting and dealing with the situation to the best of their ability.

It is, however in my judgment vitally important that the United States should be there as an active member and bear her full weight, which under the circumstances may be more decisive than that of any other power. In her distress Europe is today more than ever turning her eyes and stretching out her hands to the great daughter nation in the west. The appeal is not so much for material assistance as for moral support in this dark hour. It is the lack of moral justice which is Europe's undoing. The peoples of Europe have faith in America, they believe in her impartial justice, and they feel that without the reinforcement of her moral idealism Europe has no longer strength to save herself.

"I share that faith and that feeling, and I have complete confidence in America's readiness to act at the right time. President Coolidge has already in his recent statement taken up the initiative. It is being followed

up and the New World may once more come in to redress the balance of the Old, as it did one hundred years ago, and as it again did six or seven years ago.

Reparations the Main Issue

"The main issue for settlement at the conference will be the reparation question, and the stage which this question has now reached renders a satisfactory solution possible, if only statesmen will be reasonable and desire a solution at all. It is now universally recognized that the amount fixed by the Reparation Commission in May, 1921 (£6,600,000,000) was too high, could not be paid, and even if it were paid, the consequences for industry would be calamitous. It would mean that the standard of living for German workers must be lowered to an extent which would render industrial production in other countries in competition with Germany almost impossible. The amount has to be reduced to a reasonable figure, and from recent correspondence between the British, French and Belgian governments it appears possible to arrive at such a reasonable figure.

"It would, in addition, be necessary to give Germany a moratorium of about two years before payments are begun, in order that she may in the meantime reform her currency, re-establish her credit and balance her budget. I have consulted many of the most competent financial authorities, both in this country and on the continent, and they are all agreed that if the total reparation amount is fixed at a reasonable figure (about which there is also a great measure of agreement), and if a reasonable moratorium is given in order to enable Germany to put her financial house in order, large and increasing annual payments or reparations could thereafter be made by her.

"In short, they are all agreed that if only political questions are out of the way, the technical and financial

questions are all capable of solution, and it may not even be necessary to go as far in the way of credit assistance to and financial control of Germany as was necessary in the case of Austria, in view of the greater financial and industrial resources of Germany and her inherently sounder position. Germany is, therefore, still in a position to pay reasonable reparations, which will be a very large amount, and so far to ease the burdens resting on taxpayers in allied countries.

"The danger is that if the situation is not gripped and stabilized now, the disintegration, economic and political, of Britain use their positions as creditors may soon be completed, and then all chance of recovering reparation payments will disappear, perhaps forever.

Sympathy With People of France

"Before I end I beg leave to say a word, in all modesty, to France. My message is for France, too. Much of what I have said tonight may sound like an indictment of French policy, and in a sense that is true. But, while I am in total disagreement with the policy of the French government, I do feel profound sympathy with the people of France. The French people sincerely thought they were going to get reparations out of the Ruhr adventure, and in embarking on it had no deliberate intention of breaking up Germany.

"I recognize, too, that the French agreement to the Treaty of Versailles was only obtained by the promise of a treaty of guarantee by Great Britain and America, and that the breach of that promise let the French down badly and made them feel alone in the world. No wonder that they were in consequence led to adopt a policy of force as an alternative.

"But it is a barren policy. There is no real security to be obtained by the sword, and in the end the burden of dominating Europe by force must prove insupportable.

France knows from her own history and last sufferings that there is a nobler way, and we desire with all our hearts that she should return to that way. Even now the real, liberal France is very much alive, although it is no longer vocal or in power, and liberal France knows that pacts of guarantee are not as powerful as comradeship of liberal ideals. In the dark period in which Europe is now entering there is far more security for France in the company of liberal England and America than in all legions, white and black, which she is mustering and in all the unstable combinations which her government is laboriously building up in Eurpoe."

SECRETARY HUGHES' REPLY TO LORD CURZON [1]

In reply to the communication of his Majesty's Chargé d'Affaires of October 13, the Secretary of State desires again to express the deep interest of the United States in the economic situation in Europe and its readiness to aid in any practicable way to promote recuperation and a re-establishment of economic stability. The government of the United States has viewed with deep concern the lack, as his Majesty's government expresses it, of that unity of thought on the part of the European powers essential to common action.

The views of the government of the United States as to the importance of agreement among the Allies and the relations of the government of the United States to the questions involved were set forth in the statement of the Secretary of State to which his Majesty's government refers, and these views are still held.

It is observed that his Majesty's government states that Great Britain and Germany made it clear that the

[1] Text of Secretary Hughes' aide mémoire in reply to Lord Curzon's inquiry of October 12, in regard to a reparations conference. The aide mémoire is dated October 15.

proffered assistance would be warmly welcomed by them and that his Majesty's government has always heartily approved the suggestion, then made by the Secretary of State, whenever it has been revived, and that so far as his Majesty's government is aware, the sole reason why the proposal has not been proceeded with has been lack of unanimity among the interested powers.

It is believed that present conditions make it imperative that a suitable plan should be evolved to prevent economic disaster in Europe, the consequence of which would be world wide. It is hoped that existing circumstances are propitious for the consideration of such a plan inasmuch as the abandonment of resistance on the part of the German government will present a freer opportunity and an immediate necessity for establishing an economic program.

The government of the United States is, therefore, entirely willing to take part in an economic conference in which all the European Allies chiefly concerned in German reparations participate, for the purpose of considering the questions of the capacity of Germany to make reparation payments and an appropriate financial plan for securing such payments. It is deemed advisable, however, to emphasize the following points:

1. Confirming what was said by the Secretary of State in his statement of last December to which you refer, the government of the United States has no desire to see Germany relieved of her responsibility for the war or of her just obligations. There should be no ground for the impression that a conference, if called, should have any such aim or that resistance to the fulfillment of Germany's obligations has any support. It should be evident that in the effort to attain the ends in view, regard must be had to the capacity of Germany to pay and to the fundamental condition of Germany's recuperation, without which reparation payments will be impossible.

2. Such a conference should be advisory; not for the purpose of binding governments, who would naturally be unwilling to pledge their acceptance in advance but to assure appropriate recommendations by a thoroughly informed and impartial body intent upon the solution of the difficult pending problems upon their merits.

3. The Secretary of State notes the observation in the communication of his Majesty's government that the European problem is of direct and vital interest to the United States, "if for no other reason because the question of the interallied debt is involved therein." The government of the United States has consistently maintained the essential difference between the questions of Germany's capacity to pay and of the practicable methods to secure reparation payments from Germany, and the payment by the Allies of their debts to the United States, which constitute distinct obligations.

In the statement of the Secretary of State, to which his Majesty's government refers, it was said:

"The matter is plain enough from our standpoint. The capacity of Germany to pay is not at all affected by any indebtedness of any of the Allies to us. That indebtedness does not diminish Germany's capacity, and its removal would not increase her capacity. For example, if France had been able to finance her part in the war without borrowing at all from us, that is, by taxation and internal loans, the problem of what Germany could pay would be exactly the same.

"Moreover, so far as the debtors to the United States are concerned, they have unsettled credit balances, and their condition and capacity to pay cannot be properly determined until the amount that can be realized on these credits for reparations has been determined.

"The Administration must also consider the difficulty arising from the fact that the question of these obliga-

tions which we hold and what shall be done with them is not a question within the province of the Executive. Not only may Congress deal with public property of this sort but it has dealt with it. It has created a commission and instead of giving that commission broad powers such as the Administration proposed, which quite apart from cancellation might permit as sound discretion to be exercised in accordance with the facts elicited. Congress has placed definite restrictions upon the power of the commission in providing for the refunding of these debts."

It is hardly necessary to add, as it has frequently been stated by the government of the United States, that while the American people do not favor cancellation of the debts of the Allies to the United States or of the transfer to the people of the United States of the burden of Germany's obligations, directly or indirectly, the government of the United States has no desire to be oppressive or to refuse to make reasonable settlements as to time and terms of payment, in full consideration of the circumstances of the allied debtors. It may be added that the establishment of sound economic conditions in Europe, the serious reduction of military outlays and the demonstration of a disposition of European peoples to work together to achieve the aims of peace and justice will not fail to have their proper influence upon American thought and purpose in connection with such adjustments.

In further reply to the communication of His Majesty's government, it may be said that the government of the United States is not in a position to appoint a member of the Reparation Commission in as much as such an appointment cannot be made without the consent of the Congress. The Secretary of State has no doubt, however, that competent American citizens would be willing to participate in an economic inquiry, for the purposes stated, through an advisory body appointed by

the Reparation Commission to make recommendations in case that course after further consideration should be deemed preferable.

As to the further question, whether American co-operation in an inquiry for the purposes described in the communication of His Majesty's government could be hoped for in case unanimity of the European powers could not be had, the government of the United States must again express the view that the questions involved cannot be finally settled without the concurrence of the European governments directly concerned. Other governments cannot consent for them; and it would manifestly be extremely difficult to formulate financial plans of such importance and complexity without the participation of those whose assent is necessary to their fulfillment.

In view of the existing exigencies it is hoped that the project of such an inquiry as is contemplated of an advisory nature, might commend itself to all these powers and that the question suggested will not arise. But if it should arise, through lack of unanimity on the part of the European powers, the government of the United States must reserve decision as to its course of action in order that the developments in such a contingency may be fully considered and that course taken which will give best promise of ultimate success in securing the desired end of re-establishing the essential conditions of European peace and economic restoration.

To the attainment of that end, it may be repeated, the government of the United States desires to lend its assistance in any manner that may be found feasible.

"As to Germany, our policy is and has been all along clear. Reparation is a just penalty of war, but to pay reparations she must be placed in a position to pay. Her currency must be stabilized, her finances controlled and adequate guarantees of payment secured. And, having regard to the events of the last two years, the amount

should be ascertained in the light of the present and the future.

"But we cannot contemplate with any satisfaction the disintegration or disruption of that country, which must put back for years her powers of reparation. Nor can we contemplate the breaking off of any part of Germany into a separate state, which would at once break the Treaty of Versailles. The position today is grave, but it is to me inconceivable that if an opportunity be, as it is now, presented for a chance of settlement there should be any one who could refuse it."—*From speech by Premier Baldwin before the Unionist Party convention in Plymouth, October 25.*

THE LEGALITY OF THE RUHR OCCUPATION [1]

"The highest legal authorities of Great Britain have advised His Majesty's government that the Franco-Belgian action in occupying the Ruhr is not a sanction authorized by the Treaty." These words from the new British note modify so profoundly the juridical and diplomatic situation that I would like to discuss them by themselves in their reference to the future and the past apart from the many other issues raised by the note in its entirety.

The effect of this opinion is to declare that the Franco-Belgian invasion is by international law what it appears to be by common sense—an act of war—and that Poincaré's elaborate pretenses of legality are without foundation. If France disputes, as no doubt she does, this interpretation of the Treaty, she has bound herself by Article XIII of the Covenant of the League to submit the dispute to arbitration. Moreover, she is doubly bound to accept the arbitration because the same annex to the Reparation section of the Treaty upon which

[1] By John Maynard Keynes. New Republic. August 29, 1923. p. 9-10.

she bases her case provides that the Reparation Commission itself can only interpret the Treaty by unanimous vote, so that as soon as one member dissents, the commission is for this purpose functus officio, and the general provisions of the Covenant come into force. Lord Curzon invites Poincaré to accept arbitration, but he has not yet pointed out that Poincaré is bound to accept the invitation.

If France repudiates her obligation under the Covenant, it is still competent under Article XIV for either the Council or the Assembly of the League to refer the question to the Permanent Court of International Justice for advisory opinion.

In the event of the Arbitral Court's supporting the opinion of the law officers of the British Crown, the occupation becomes an act of war. But the process of law does not stop, as formerly it did, there. At this point Article XVII of the Covenant, which provides for the case of dispute between a member of the League and a non-member, comes into operation. By this article, the state which is not a member of the League "shall be invited to accept the obligations of membership in the League for purpose of such dispute upon such conditions as the Council may deem just." If this invitation is accepted, all the provisions of the Covenant which delay recourse to acts of war come into force, particularly the article by which members of the League "agree in no case to resort to war until three months after the award by the arbitrators, or the report by arbitrators, or report by council."

Lord Curzon's note makes no reference to Articles XVII and XII of the Covenant for the obvious reasons that they are equally effective against action threatened on former occasions by the British government itself under Lloyd George. But once we have set out on the pathway of legality there is no turning back. The extraordinary significance of the thirty-second paragraph of

the British declaration of August 11, 1923, lies here. The British government has committed itself to the view that the occupation of the Ruhr is a lawless act of war. It is impossible after this that we should not proceed to invoke the full force of the Covenant of the League. For the first time the Covenant is clothed with power and majesty and steps out of the clouds to the dusty floor of Europe.

It is the moment when all of us must withdraw our former criticisms and stand with the full strength of union behind Mr. Baldwin and Lord Curzon in their difficult and dangerous task. Nevertheless it is not possible to overlook entirely the reflection which the new decision throws backward on past events. More than two years ago the present writer published at full length all the legal points mentioned above and expressed the opinion now endorsed by the law officers and on the same ground. At that time Lloyd George chose to ignore such considerations. Between March 1920 and May 1921 the invasion of Germany beyond the Rhine was threatened five times and carried out twice. In three of the five threats and in one of the two occupations the British government participated. Lord Curzon attempted to argue that even so the British government cannot be convicted of inconsistency, because the threats and the occupation in which they participated were not claimed to be in pursuance of special rights under the Treaty of Versailles, but were in the nature of a renewal of war. He forgets that in the ultimatum delivered by word of mouth to Dr. Simons on March 3, 1921, by Lloyd George speaking on behalf of the Allied governments, the occupation of the three towns on the right bank of the Rhine was threatened as a course justified "under the Treaty of Versailles" by the fact that Germany was deliberately in default. He forgets also that if Lloyd George was not acting in pursuance of special rights under the Treaty, he was precluded by the Covenant from the renewal of war

"except after due process and delay under the auspices of the League."

We now have, therefore, the highest legal authority for the views always entertained by many laymen that on three occasions Lloyd George violated international right. It is better that we should acknowledge this than remain consistent in wrong courses. In time, I expect, we will attempt to redress the other great violation of right committed by Lloyd George in claiming reparation for pensions on legal quibblings even more flimsy and worthless than those put forward in the present case. The note of August 11th at least makes a beginning and in that vindication of the law, without which disarmament and peace can never be established.

GERMANY'S CAPACITY TO PAY[1]

What Germany Has Paid and How

In the four years since the war Germany has, by one means or another, succeeded in paying substanial sums on reparation account. The Reparation Commission acknowledges the receipt of 8,104,000,000 gold marks; but many of the accounts of the commission are admittedly provisional and incomplete. The German government, on the other hand, claims that the cost of treaty fulfillment, including reparation, restitution, costs of the armies of occupation, settlements of pre-war commercial debts, and miscellaneous payments totals 56,500,000,000 gold marks. A careful and detailed analysis of these divergent claims leads the authors to the conclusion that the economic value to Germany of what she has paid, delivered, or transferred in fulfilling reparation obligations is approximately 26,000,000,000 gold marks. Restitution expenses and the settlement of pre-war obligations

[1] By Harold G. Moulton and Constantine E. McGuire. 14p. pa. Distributed by the Foreign Policy Association, 3 W. 29th St., New York.

are not properly to be classed as reparation payments, and the German government should not include them as such. This figure of 26,000,000,000 gold marks does not include the potential value of German colonies or of the ceded territories, nor does it take account of the miscellaneous government expenses within Germany which are directly or indirectly attributable to the Peace Treaty. It must be understood also that the value of the property to Germany and its value upon liquidation by the Allies may differ very considerably.

The 26,000,000,000 of German sacrifices have been made in the following manner: (1) A large amount of German private property in Allied countries has been seized and liquidated. This obviously required no direct transfer of wealth across German borders. (2) The ownership of German state property in ceded territories has been surrendered to the Allies. This, also, involved no transfer of property across present German boundaries. (3) The Saar mines have been surrendered. This, also, involved no export of commodities. All of these payments, it will be observed, involved the surrender of *capital* values; accordingly they cannot be duplicated.

Besides the above-mentioned transfers, Germany has made cash payments of about 2,000,000,000 gold marks, not counting cash deliveries on clearing-house account and for other purposes that have nothing to do with reparation. She has also made various commodity deliveries, such as the merchant marine, coal, coke, dyestuffs, chemicals, live stock, maritime cables, inland water craft, railroad materials, and miscellaneous abandoned property, as well as reconstruction deliveries in kind.

Germany secured the cash chiefly in the following ways: (1) from the sale of the remnants of German foreign investments left at end of the war; (2) from the sale of paper marks to speculators in foreign countries; (3) from the sale to foreigners of shares of stock and property

in Germany. All of these means of procuring money which foreign governments will accept have been practically exhausted. Only one source of cash for making future payments remains, namely, the proceeds from the export trade. In Germany's foreign trade situation, then, lies her paying capacity in the future.

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